SFCE

順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

WORLD'S LEADING
CLEAN ENERGY PROVIDER

LOW-CARBON & ENERGY-SAVING
INTEGRATED SOLUTIONS PROVIDER

2021
ANNUAL REPORT

(Incorporated in the Cayman Islands with limited liability) Stock code: 01165

SFCE

REDUCTION OF EMISSION*

Smoke and Dust > 28 tonne

CO_2 > 721,573 tonne

SO_2 > 139 tonne

NO_x > 155 tonne

ENERGY SAVING*

Coal > 264,432 tonne

ELECTRICITY GENERATED

Year 2021 > 867,275 MWh

Year 2020 > 1,182,567 MWh

(* basis of calculation sourced from China Electricity Industry Development Report 2021 issued by China Electricity Council)

CONTENTS

FINANCIAL SECTION

CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Lu Bin

AUTHORIZED REPRESENTATIVES

Mr. Wang Yu
Mr. Lu Bin

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Portion C, 30/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN CHINA

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

AUDITOR

BDO Limited
Certified Public Accountants
(Registered Public Interest Entity Auditor)

LEGAL ADVISER

As to Hong Kong law
Herbert Smith Freehills

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

COMPANY WEBSITE

www.sfcegroup.com

STOCK CODE

01165

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited results of the Group for the year ended 31 December 2021. In 2021, due to a delay in receiving tariff subsidies payable by the relevant financial departments of China for the solar power plant assets of the Group across the country, and certain debts owed to financial institutions falling due, the Board and management devised clear and responsive strategies and allocated resources effectively in order to strike a balance between holding long-term assets and reducing short-term cash flow deficit for the interests of the Shareholders and the Company. The Group continued to complete the disposals of certain solar power plant assets and the LED business, and has conducted sufficient and friendly negotiations with major financial institutions, with whom the Group has established long term cooperation, in respect of the renewal of debts, leading to substantial improvement of the Company's cash flow position and significant reduction of the total debts and finance costs of the Company.

An extraordinary general meeting of the Company was held on 13 July 2021, at which the sale and purchase agreement in relation to the disposal of 100% equity interests in Lattice Power (Jiangxi) Co., Ltd*(晶能光電(江西)有限公司)was approved by way of poll. Subsequently, the Company held another extraordinary general meeting on 13 December 2021, at which the sale and purchase agreements in relation to the disposal of the equity interests in 7 solar power plants in the PRC to China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.*(中電投新疆能源化工集團阿克蘇有限公司)were approved. On 28 December 2021, the Company entered into a sale and purchase agreement with Anhui Province Wanneng Energy Exchange Co., Ltd.*(安徽省皖能能源交易有限公司)in relation to the equity interests in a solar power plant in the PRC. On 30 December 2021, the Company further entered into sale and purchase agreements with Xinjiang Silu Qianyuan Energy Co., Ltd.*(新疆絲路乾元能源有限責任公司) in relation to the equity interests in 4 solar power plants in the PRC, which are currently subject to approval of the Shareholders. On 13 January 2022, an extraordinary general meeting of the Company was held, at which the sale and purchase agreements in relation to the disposal of equity interests in 2 solar power plants in the PRC to Zhonghe Huineng Co. Ltd.*(中核匯能有限公司) were approved. Upon completion of each of the above transactions, the Company would be able to complete the optimisation of and adjustment to its asset and liability structure, which would lay a solid foundation for the Company to become a world-leading supplier of low-carbon and energy-saving integrated solutions.

* *English name is for identification purpose only*

FUTURE PROSPECT

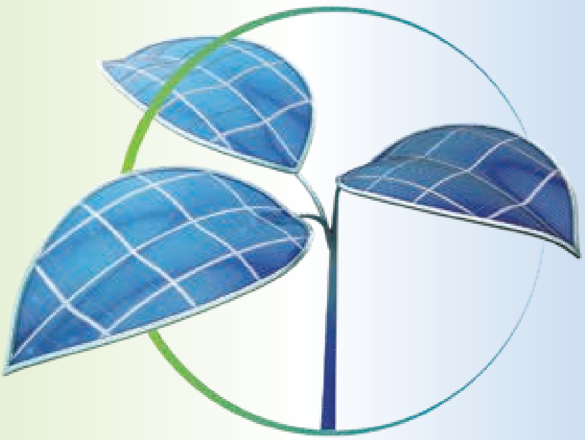
Looking forward, costs of the solar power generation will continue to drop, with on-grid parity achieved and expected to be achieved in most markets, while technologies such as energy storage and hydrogen energy that are related to solar power generation application advance continuously. As a result,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

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

Wang Yu
Chairman

21 April 2022

Total Power
Generated Of
867,275 MWh
by 2021



**A Global Leading
Clean Energy Supplier**

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

MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the announcement of the Company dated 31 December 2020 and the circular of the Company dated 23 June 2021, Lattice Power Corporation (晶能光電有限公司*, an indirect non wholly-owned subsidiary of the Company, as the vendor) entered into a sale and purchase agreement with Nanchang Guanggu Group Limited* (南昌光穀集團有限公司, as the purchaser), pursuant to which Lattice Power Corporation agreed to sell 100% of the equity interests in Lattice Power (Jiangxi) Co., Ltd*(晶能光電(江西)有限公司)with the consideration of RMB670 million. The Shareholders' approval was obtained on 13 July 2021 ("**Lattice Power Disposal**"). The Lattice Power Disposal was completed in September 2021. On 2 December 2021, Shunfeng Global Enterprise Limited, a wholly-owned subsidiary of the Company, entered into a share repurchase agreement with Lattice Power Corporation, pursuant to which the Group agreed to dispose of and Lattice Power Corporation agreed to repurchase the Group's 58.3% equity interest in Lattice Power Corporation at an aggregate consideration of RMB360 million. The transaction was conducted for the purpose of facilitating the distribution of assets to the shareholders of Lattice Power Corporation and completed on 24 December 2021. The segment of manufacturing and sales of LED products in relation to the Lattice Power Disposal was presented as discontinued operation during the Year. The Group still retains one segment of solar power generation in the PRC which was presented as continuing operation during the Year.

BUSINESS REVIEW

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

Continuing operation

Solar power generation in the PRC

During the Year, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 867,275 MWh.

	For the year ended 31 December		
	2021	2020	% of Changes
	MWh	MWh	
Power generation volume in the PRC	**867,275**	1,182,567	(26.7%)

Upon completion of registration for share transfer 2 out of 7 target companies in respect of the 2021 First Disposals (as defined below), 9 target companies in respect of the Forced Sale (as defined below) and 1 target company in respect of the 2021 Third Disposal (as defined below) during the Year, respectively, the Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 489MW in the PRC as of 31 December 2021.

Geographical information

During the Year, the top five customers represented approximately 64.2% of the continuing operation's total revenue, while it represented approximately 47.6% for the year ended 31 December 2020. The largest customer accounted for approximately 17.2% of the continuing operation's total revenue, while it represented approximately 12.1% for the year ended 31 December 2020. The largest customer is State Grid Jibei Electric Power Company Limited, which is one of the state grid companies in the PRC to which the Company sells the electricity.

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

Discontinued operation

Manufacturing and sales of LED products

The Lattice Power Disposal was completed in September 2021 and the Group's sales recognition of LED chips, LED packages and other LED products within the discontinued operation's production business amounted to RMB439.6 million for the eight months ended 31 August 2021.

Geographical information

The top five customers represented approximately 36.8% of the discontinued operation's total revenue for the eight months ended 31 August 2021. The largest customer accounted for approximately 20.7% of the discontinued operation's total revenue for the eight months ended 31 August 2021.

The sales to PRC-based and overseas customers represented approximately 93.6% and 6.4% of the discontinued operation's total revenue for the eight months ended 31 August 2021, respectively.

FINANCIAL REVIEW

Revenue

Continuing operation

Solar power generation in the PRC

Revenue decreased by RMB254.2 million, or 28.1%, from RMB904.4 million for the year ended 31 December 2020 to RMB650.2 million for the Year, primarily due to i) the revenue from the 2019 Disposals Subject Companies (as defined below) was recognised for a few months during the year 2020 upon the registration of share transfer of the 2019 Disposals Subject Companies had been completed, while no such revenue was recognised during the Year; and ii) the revenue from the 2020 Disposals Subject Companies (as defined below) was recognised for six months during the year 2020 upon the registration of share transfer of the 2020 Disposals Subject Companies had been completed, while no such revenue was recognised during the Year.

Further, the solar power plants of the Group which are located in certain provinces or regions in the PRC were affected by the influence of curtailment on energy generation during the Year, resulting in a decrease in power generation. As a result, the revenue from power generation in the PRC of the Group decreased by approximately RMB62 million and the power generation volume also recorded an estimated loss of approximately 78,000 MWh for the Year.

Discontinued operation

LED products

For the eight months ended 31 August 2021, revenue from the sales of LED chips, LED packages and other LED products is RMB439.6 million. The Lattice Power Disposal was completed in September 2021, as such the revenue from the segment of manufacturing and sales of LED products was recognised for eight months during the Year.

Cost of sales

With respect to the continuing operation, cost of sales decreased by RMB103.1 million, or 22.6%, from RMB456.5 million for the year ended 31 December 2020 to RMB353.4 million for the Year, primarily because the power generation volume in the PRC decreased by 315,292MWh, or 26.7% from 1,182,567 MWh for the year ended 31 December 2020 to 867,275 MWh for the Year.

Gross profit

With respect to the continuing operation, gross profit decreased by RMB151.1 million, or 33.7%, from RMB447.9 million for the year ended 31 December 2020 to RMB296.8 million for the Year.

Other income

With respect to the continuing operation, other income decreased by RMB8.3 million, or 18.4%, from RMB45.2 million for the year ended 31 December 2020 to RMB36.9 million for the Year, primarily due to the imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets decreased by RMB6.1 million, or 25.8%, from RMB23.6 million for the year ended 31 December 2020 to RMB17.5 million for the Year.

Other gains and losses, net

With respect to the continuing operation, other gains and losses, net recorded a loss of RMB467.9 million for the Year, which increased by RMB259.0 million or 124.0% as compared to a net loss of RMB208.9 million recorded for the year ended 31 December 2020, which was primarily due to (i) a loss on Forced Sale of Nine Disposal Entities (as defined in Note 48(c)) of RMB223.9 million recorded for the Year, while there was no such loss recognised for the year ended 31 December 2020; (ii) an impairment loss recognised on assets classified as held for sale of RMB102.8 million recorded for the Year, while there was no such impairment loss recognised for the year ended 31 December 2020 and (iii) a waiver of EPC payables of RMB123.1 million recorded for the year ended 31 December 2020, while no such waiver recognised for the Year. Nevertheless, a loss on disposal of subsidiaries decreased by RMB204.7 million, or 81.0%, from RMB252.6 million for the year ended 31 December 2020 to RMB47.9 million for the Year, which are partially offset the losses stated above.

Impairment losses under expected credit loss model, net of reversal

With respect to the continuing operation, an impairment loss under expected credit loss model recorded RMB34.0 million for the Year, while a net of reversal of impartment loss under expected credit loss model recorded RMB12.6 million for the year ended 31 December 2020, which was primarily due to a loss allowance reversed on other receivables recorded RMB39.3 million for the year ended 31 December 2020, while a loss allowance recognised on other receivables recorded RMB19.9 million for the Year.

Administrative expenses

With respect to the continuing operation, administrative expenses decreased by RMB7.2 million, or 6.3%, from RMB115.1 million for the year ended 31 December 2020 to RMB107.9 million for the Year.

Share of profits of associates

With respect to the continuing operation, share of profits of associates increased by RMB0.7 million or 43.8%, from RMB1.6 million for the year ended 31 December 2020 to RMB2.3 million for the Year.

Finance costs

With respect to the continuing operation, finance costs decreased by RMB184.2 million, or 23.7%, from RMB777.1 million for the year ended 31 December 2020 to RMB592.9 million for the Year, primarily due to the decrease in interest on bank and other borrowings by RMB173.8 million, or 26.6%, from RMB652.5 million for the year ended 31 December 2020 to RMB478.7 million for the Year.

Loss before tax

With respect to the continuing operation, due to the above reasons, loss before tax increased by RMB272.9 million, from a loss of RMB593.7 million for the year ended 31 December 2020 to a loss of RMB866.6 million for the Year.

Income tax expense

With respect to the continuing operation, income tax expense decreased by RMB4.5 million, from RMB10.3 million for the year ended 31 December 2020 to RMB5.8 million for the Year.

Loss for the year from continuing operation

As a result of the reasons stated above, loss for the year from continuing operation increased by RMB268.6 million, or 44.5%, from the loss of RMB603.9 million for the year ended 31 December 2020 to the loss of RMB872.5 million for the Year.

Profit for the year from discontinued operation

Profit for the year from discontinued operation increased by RMB24.6 million, or 24.0% from RMB102.3 million for the year ended 31 December 2020 to RMB126.9 million for the Year.

Trade receivables turnover days

The trade receivables turnover days as at 31 December 2021 was 448.7 days (31 December 2020: 453.1 days). The decrease in turnover days was primarily due to the increase of the tariff subsidies to be received by the Group.

Trade payables turnover days

The trade payables turnover days as at 31 December 2021 was 112.3 days (31 December 2020: 341.6 days). Given the established business relationship and the change in the overall market environment, the Group paid to the suppliers in due course based on the credit terms during the Year.

Indebtedness, liquidity, gearing ratio and capital structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings. As at 31 December 2021, the Group's current ratio (current assets divided by current liabilities) was 0.84 (31 December 2020: 0.56).

As at 31 December 2021, the Group was in a negative net cash position of RMB3,607.2 million (31 December 2020: a negative net cash position of RMB6,360.8 million), which included cash and cash equivalents of RMB55.7 million (31 December 2020: RMB 226.7 million), bank and other borrowings of RMB1,914.9 million (31 December 2020: RMB5,440.0 million), convertible bonds of RMB563.3 million (31 December 2020: RMB529.1 million), bond payables of RMB585.4 million (31 December 2020: RMB618.4 million) and loan from a related company of RMB599.3 million (31 December 2020: Nil).

The Group's bank and other borrowings, cash and bank balances and, restricted bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) decreased from 7,658.8% as at 31 December 2020 to -341.9% as at 31 December 2021.

During the Year, the Group did not enter into any financial instrument for hedging purposes nor did the Group have any currency borrowings and other hedging instruments to hedge against foreign exchange risks (31 December 2020: Nil).

Contingent liabilities and guarantees

As at 31 December 2021, the Group provided guarantees to independent third parties and a related party with a total amount of RMB190.0 million (31 December 2020: RMB187.6 million), of which RMB190.0 million (31 December 2020: RMB187.6 million) has been provided and recognised as provision in the consolidated statement of financial position. As at 31 December 2021, save as disclosed above, the Group had no significant contingent liabilities.

Charges on the Group's assets

At the end of the reporting period, saved as restricted bank deposits and the right-of-use assets, the Group had pledged its 100% of equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2020: 58.3% of equity interest in Lattice Power Group and 100% of equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, 12 (31 December 2020: 31) subsidiaries of the Group which operated solar power generation, their entire equity interests and related assets were also pledged in order to obtain bank and other borrowings.

As at 31 December 2021, the Group had pledged certain trade and other receivables with a carrying amount of RMB413.4 million (31 December 2020: RMB1,613.2 million) and solar power plants with a carrying amount of RMB725.2 million (31 December 2020: RMB2,661.7 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 31 December 2021, the Group had pledged property, plant and equipment, right-of-use assets and other deposits included in other non-current assets with a carrying amount of RMB23.0 million (31 December 2020: RMB102.2 million).

As at 31 December 2021, the Group pledged restricted bank deposits in an aggregate amount of approximately RMB6.9 million (31 December 2020: RMB27.9 million) to banks to secure banking credit facilities granted to the Group.

Save as disclosed above, as at 31 December 2021 and 31 December 2020, none of the other assets of the Group was pledged in favour of any financial institution.

Exposure to the fluctuation in exchange rates

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

Significant investments held and material acquisitions or disposals

As disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, on 15 November 2019 (after trading hours), Jiangxi Shunfeng, Shanghai Shunneng and Shijiazhuang Yakai New Energy Development Ltd*(石家莊亞凱新能源開發有限公司)(the "**Vendors**", the indirect wholly-owned subsidiaries of the Company), entered into 11 sale and purchase agreements (the "**2019 Disposal Sale and Purchase Agreements**") with Zhonghe Shandong Energy Co., Ltd.*(中核山東能源有限公司), pursuant to which the Vendors agreed to sell 100% of the equity interest in Hami Hengxin New Energy Technology Co., Ltd*(哈密恒鑫新能源科技有限公司), Hami Junxin Photovoltaic Power Generation Co., Ltd.*(哈密浚鑫光伏發電有限公司), Hami Tianhong Solar Power Technology Co., Ltd.*(哈密天宏陽光太陽能科技有限公司), Hami Yixin New Energy Technology Co., Ltd.*(哈密益鑫新能源科技有限公司), Hebei Guowei New Energy Technology Co., Ltd.*(河北國威新能源科技有限公司), Jinchang Zhongke New Energy Co., Ltd.*(金昌市中科新能源有限公司), Pingluo Zhongdianke Energy Co., Ltd.*(平羅中電科能源有限公司), Shangde (Hami) Solar Power Generation Co., Ltd.*(尚德(哈密)太陽能發電有限公司), Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.*(肅南裕固族自治縣中能產業園有限公司), Wuwei Huadong Zhonghe New Energy Co., Ltd.*(武威華東眾合新能源有限公司), and Wuwei Jiuyuan Metal Components Co., Ltd.*(武威久源金屬構件有限公司) at aggregate consideration of RMB641,420,000 (the "**2019 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2019 Disposal Sale and Purchase Agreements and the 2019 Disposals in aggregate exceed 75%, the 2019 Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Shareholders' approval was obtained on 17 January 2020. The registration of share transfer of the 11 Target companies was completed in 2020.

As disclosed in the announcement of the Company dated 18 March 2020, Jiangxi Shunfeng and Shanghai Shunneng, the indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements (the "**2020 Disposal Sale and Purchase Agreement**") with Zhejiang Zhengtai New Energy Development Co., Ltd.*（浙江正泰新能源開發有限公司）on 16 March 2020, pursuant to which Jiangxi Shunfeng and Shanghai Shunneng agreed to sell 100% of the equity interest in Akesu Datang New Energy Co., Ltd.*（阿克蘇大唐新能源有限公司）, Yuepuhu Gaoke New Energy Power Generation Co., Ltd.*（岳普湖高科新能源發電有限公司）, Heshuo Hengxin New Energy Technology Co., Ltd.*（和碩恒鑫新能源科技有限公司）, Tulufan Lianxing New Energy Co., Ltd.*（吐魯番聯星新能源有限公司）, Wensu Riyuehui New Energy Co., Ltd.*（溫宿縣日月輝新能源有限公司）, and Hejing Yixin New Energy Technology Co., Ltd.*（和靜益鑫新能源科技有限公司）at an aggregate consideration of RMB181,139,954.86 (the "**2020 Disposals**").

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2020 Disposal Sale and Purchase Agreements and the 2020 Disposals in aggregate exceed 75%, the 2020 Disposals constituted a very substantial disposal of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Shareholders' approval was obtained on 2 July 2020. The registration of share transfer of the 6 target companies was completed in July 2020.

As disclosed in the announcement of the Company dated 31 December 2020, on 31 December 2020 (after trading hour), Lattice Power Corporation（晶能光電有限公司*）(an indirect non-wholly owned subsidiary of the Company) entered into the sale and purchase agreement with Nanchang Guanggu Group Limited*（南昌光穀集團有限公司）, pursuant to which the Lattice Power Corporation has conditionally agreed to sell, and Nanchang Guanggu Group Limited has conditionally agreed to purchase the target interest, representing 100% of the equity interests in the Lattice Power (Jiangxi) Co., Ltd*（晶能光電（江西）有限公司）, at an aggregate consideration of RMB670 million. On 18 August 2021, Lattice Power entered into a supplementary agreement with Nanchang Guanggu Group Limited to change the purchasers to Gong Qing Cheng Zhi Ben Investment Company Limited* (共青城致本投資有限公司, "**Zhi Ben**"), Gong Qing Cheng Si Rui Investment Partnership Enterprise (Limited Partnership)* (共青城思睿投資合夥企業（有限合夥）, "**Si Rui**"), Gong Qing Cheng Zhi Zhen Investment Partnership Enterprise (Limited Partnership)* (共青城致真投資合夥企業（有限合夥）, "**Zhi Zhen**") and Gong Qing Cheng Guan Tong Investment Partnership Enterprise (Limited Partnership)* (共青城觀通投資合夥企業（有限合夥）, "**Guan Tong**") (collectively the "**Lattice Power Disposal New Purchasers**") pursuant to the terms of the sale and purchase agreement dated 31 December 2020. Zhi Ben is 75% owned by Mr. Wang Min (a director of Lattice Power and therefore a connected person of the Company) and 25% owned by Mr. Peng Guoping (an Independent Third Party). The general partner of Si Rui is Gong Qing Cheng Yue Xin Investment Company Limited (共青城悦芯投資有限公司, "**Yue Xin**") which is 90% owned by Zhi Ben and 10% owned by Mr. Wang Min. Gong Qing Cheng Ge Rui Han Te Investment Management Partnership Enterprise (Limited Partnership) (共青城格銳翰特投資管理合夥企業（有限合夥）, "**Ge Rui Han Te**") is a limited partner holding 99% of interest in Si Rui. Mr. Wang Gang, the younger brother of Mr. Wang Min and therefore a connected person of the Company, is the general partner and holding 99% of interest in Ge Rui Han Te. The general partner of Zhi Zhen is Yue Xin holding 1% of interest and Jiangxi Wen Xin Industrial Company Limited* (江西文信實業有限公司, "**Jiangxi Wen Xin**") is a limited partner holding 99% of interest in Zhi Zhen. Jiangxi Wen Xin is 90% owned by Mr. Wang Gang. The general partner of Guan Tong is Yue Xin holding 1.5% of interest and Ge Rui Han Te is a limited partner holding 98.5% of interest in Guan Tong.

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

As the Lattice Power Disposal New Purchasers are directly or indirectly held by Mr. Wang Min, a director of the Lattice Power Corporation, which is an indirect non-wholly owned subsidiary of the Company, the Lattice Power Disposal New Purchasers are connected persons of the Company. The Lattice Power Disposal and the transactions contemplated thereunder constituted a connected transaction of the Company which is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent Shareholders' approval was obtained on 13 July 2021. The registration of share transfer of Lattice Power (Jiangxi) Co., Limited was completed in September 2021.

As disclosed in the announcement of the Company dated 24 August 2021, Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde Solar Power Electricity Co., Ltd.*(深圳尚德太陽能電力有限公司)entered into seven sale and purchase agreements (the "**2021 First Disposal Sale and Purchase Agreement**") with China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.*(中電投新疆能源化工集團阿克蘇有限公司), pursuant to which Jiangxi Shunfeng, Shanghai Shunneng and Shenzhen Shangde Solar Power Electricity Co., Ltd. agreed to sell 100% of the equity interests in Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd*(保山長山順風尚德新能源有限公司), Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd*(疏附縣浚鑫科技光伏發電有限公司), Kezhou Baishide New Energy Development Co., Ltd*(克州百事德新能源開發有限公司), Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd*(麥蓋提金壇正信新能源科技有限公司), Wushi Longbai Electricity Investment Co., Ltd*(烏什龍柏電力投資有限公司), Yingjisha County Rongxin Tianhe New Energy Co., Ltd*(英吉沙縣融信天和新能源有限責任公司), and Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd*(疏附縣中建材新能源光伏發電有限公司)(together, the "**2021 First Disposal Subject Companies**") at aggregate consideration of RMB537.6 million (the "**2021 First Disposals**").

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

The 2021 First Disposal was approved by the Shareholders at the extraordinary general meeting on 13 December 2021. As of the date of this report, the registration of share transfer in respect of three of the 2021 First Disposal Subject Companies have been completed, which are Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd*(麥蓋提金壇正信新能源科技有限公司), Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd*(疏附縣中建材新能源光伏發電有限公司) and Wushi Longbai Electricity Investment Co., Ltd*(烏什龍柏電力投資有限公司). The registration of share transfer of remaining four of the 2021 First Disposal Subject Companies are expected to be completed in June 2022.

As disclosed in the announcement of the Company dated 6 October 2021, Jiangsu Sanfeng Guanghua Investment Co., Ltd*(江蘇三豐光華投資有限公司), Shijiazhuang Huaiyuan New Energy Development Company Limited*(石家莊懷遠新能源開發有限公司)and Hebei Zhenlong Electricity Equipment Technology Co., Ltd*(河北臻龍電力設備科技有限公司) entered into two sale and purchase agreements (the "**2021 Second Disposal Sale and Purchase Agreement**") with Zhonghe Huineng Co., Ltd.* (中核匯能有限公司, as the purchaser), pursuant to which Jiangsu Sanfeng Guanghua Investment Co., Ltd, Shijiazhuang Huaiyuan New Energy Development Company Limited and Hebei Zhenlong Electricity Equipment Technology Co., Ltd agreed to sell 100% of the equity interest in Hebei Sanlong Electricity Technology Co. Ltd*(河北三龍電力科技有限公司) and Shangyi County Shunneng Photovoltaic Electricity Co., Ltd*(尚義縣順能光伏電力有限公司)(together, the "**2021 Second Disposal Subject Companies**") at aggregate consideration of RMB414.7 million (the "**2021 Second Disposals**").

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

As disclosed in the announcement of the Company dated 1 December 2021, Jiangxi Shunfeng received notices from Chongqing International Trust Co., Ltd*（重慶國際信託股份有限公司）and Chongqing Future Investment Co., Ltd*（重慶未來投資有限公司）that they directed Jiangsu Changshun Xinhe New Energy Co., Ltd.*（江蘇長順信合新能源有限公司）to sell 100% of the equity interests of its nine subsidiaries, including Hejing Tianhong Solar Energy Technology Co., Ltd.*（和靜天宏陽光太陽能科技有限公司）, Hejing Zhengxin Photovoltaic Electronics Co., Ltd.*（和靜正信光伏電子有限公司）, Yanqi ENN Solar Energy Co., Ltd.*（焉耆新奧太陽能源有限公司）, Jinghe County Hairun PV Power Co., Ltd.*（精河縣海潤光伏發電有限公司）, Yuli Jiangyin Jun Xin PV Power Co., Ltd.*（尉犁縣江陰浚鑫光伏發電有限公司）, Suntech (Ulan) Solar Power Co., Ltd.*（尚德（烏蘭）太陽能發電有限公司）, Turpan City Hai Xin PV Power Co., Ltd.*（吐魯番市海鑫光伏發電有限公司）, Hebei Sulong PV Power Co. Ltd.*（河北蘇龍光伏發電有限公司）and Tumxuk Hidenobu New Energy Co., Ltd.*（圖木舒克市榮信新能源有限公司）at a consideration of approximately RMB1.11 billion (the "**Forced Sale**").

As disclosed in the announcement of the Company dated 28 December 2021, Hebei Juge Photovoltaic Technology Co., Ltd.*（河北聚格光電科技有限公司）entered into a sale and purchase agreement (the "**2021 Third Disposal Sale and Purchase Agreement**") with Anhui Province Wanneng Energy Exchange Co., Ltd.*（安徽省皖能能源交易有限公司）, pursuant to which Hebei Juge Photovoltaic Technology Co., Ltd. agreed to sell 100% of the equity interests in Yangyuan Juge Photovoltaic Technology Co., Ltd*（陽原聚格光電科技有限公司）at aggregate consideration of RMB14.4 million (the "**2021 Third Disposal**").

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the 2021 Third Sale and Purchase Agreement and the 2021 Third Disposal contemplated thereunder exceeds 5% but all of the applicable percentage ratios are less than 25%, the 2021 Third Sale and Purchase Agreement and the 2021 Third Disposal contemplated thereunder constituted a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The registration of share transfer of Yangyuan Juge Photovoltaic Technology Co., Ltd. was completed in December 2021.

Human resources

As at 31 December 2021, the Group had 1,101 employees, which was inclusive of 1,008 employees in respect of the discontinued operation. 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.

Final dividend

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

Events subsequent to the Year

Reference is made to the announcement of the Company dated 13 January 2022, the 2021 Second Disposals was approved by the Shareholders at the extraordinary general meeting on 13 January 2022. The registration of share transfer of the 2021 Second Disposal Subject Companies have been completed in January and February 2022, respectively.

Reference is made to the announcements of the Company dated 3 January 2022, 28 January 2022, 28 February 2022 and 31 March 2022, on 30 December 2021 (after trading hours), Jiangxi Shunfeng, Shanghai Shunneng and Shunfeng Photovoltaic Investments entered into four sale and purchase agreements (the "**2022 Disposals Sale and Purchase Agreements**") with Xinjiang Silu Qianyuan Energy Co., Ltd *(新疆絲路乾元能源有限責任公司), pursuant to which Jiangxi Shunfeng, Shanghai Shunneng and Shunfeng Photovoltaic Investments have conditionally agreed to sell and Xinjiang Silu Qianyuan Energy Co., Ltd has conditionally agreed to purchase 100% of the equity interests in Hainan Xinsheng New Energy Technology Co. Ltd.*(海南州鑫昇新能源科技有限公司), Tongwei Solar Power Qiemo Co., Ltd *(通威太陽能且末有限公司), Xinjiang Pu Xin Cheng Da Energy Technology Limited *(新疆普新誠達能源科技有限公司) and Xinjiang Tianli Enze Solar Technology Co., Ltd *(新疆天利恩澤太陽能科技有限公司)(together, the "**2022 Disposals Subject Companies**") at aggregate consideration of RMB889.6 million (the "**2022 Disposals**").

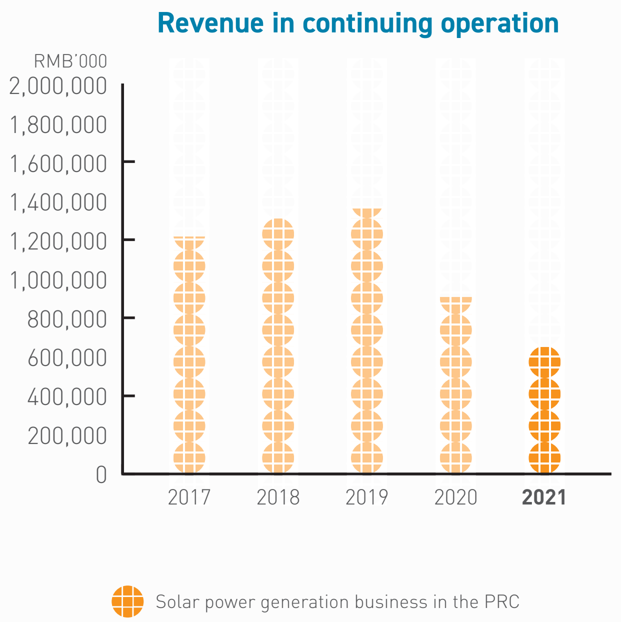
As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the 2022 Disposals Sale and Purchase Agreements and the 2022 Disposals in aggregate exceed 75%, the 2022 Disposals collectively constitute a very substantial disposal of the Company which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

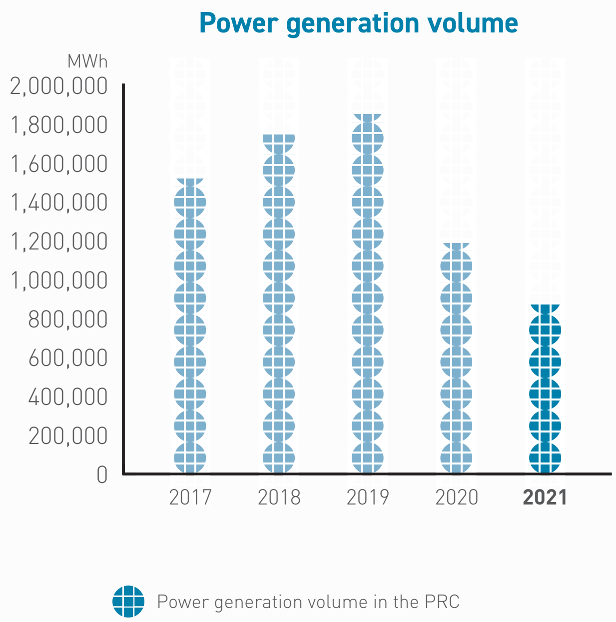
A circular is expected to be despatched to the Shareholders on or before 31 May 2022.

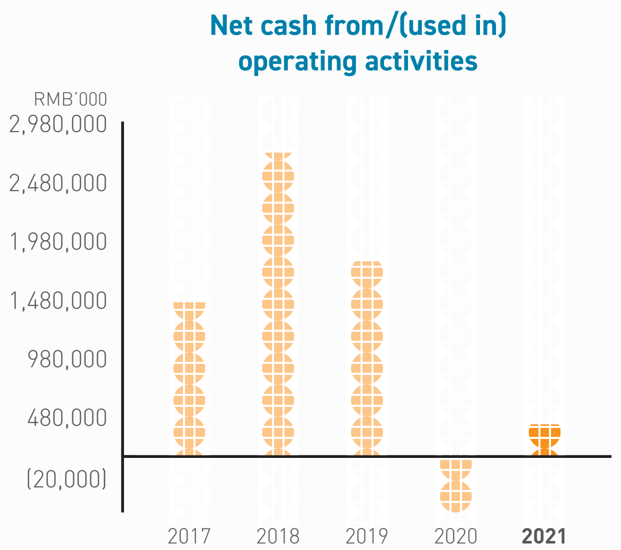
FIVE-YEAR STATISTICS

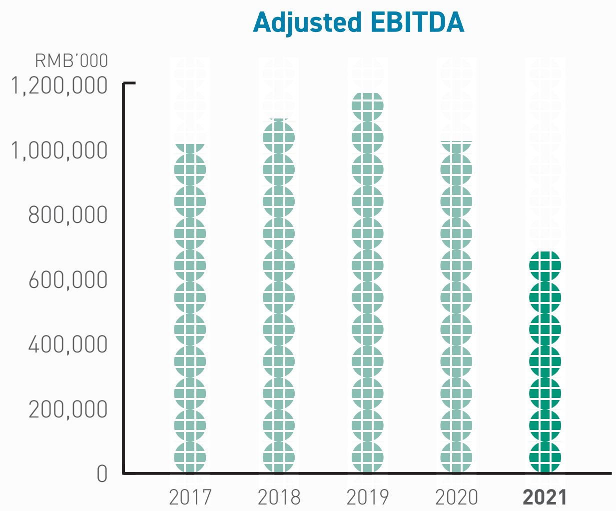
Year	2017 Restated	2018 Restated	2019 Restated	2020 Restated	2021
Financial performance					
Turnover growth (%)	9.3%	7.7%	4.6%	(33.9%)	**(28.1%)**
Gross profit margin (%)	40.1%	42.2%	44.6%	49.5%	**45.6%**
Net profit margin (%)	N/A	N/A	N/A	N/A	**N/A**
EBITDA (in RMB thousands)	930,298	877,251	(226,974)	696,856	**168,561**
Adjusted EBITDA* (in RMB thousands)	1,011,809	1,090,998	1,169,347	1,021,611	**681,666**
Adjusted EBITDA margin (%)	83.3%	83.4%	85.5%	113.0%	**104.8%**
Earnings/(Loss) per share (in RMB cents)	(23.30)	(21.15)	(40.76)	(11.08)	**(16.05)**
Total indebtedness (in RMB thousands)	13,533,442	13,643,888	8,653,436	6,587,477	**3,662,886**
Gearing ratio (%)	70.6%	77.9%	93.6%	98.7%	**132.3%**
Interest coverage (times)	0.7	0.7	(0.2)	0.9	**0.3**
Trade receivable turnover (in days)	394.2	391.9	364.3	453.1	**448.7**
Trade payable turnover (in days)	90.1	105.1	103.3	341.6	**112.3**
Inventory turnover (in days)	N/A	N/A	N/A	N/A	**N/A**
Operation performance					
Power Generation Volume (MWh)	1,512,121	1,736,745	1,843,762	1,182,567	**867,275**
Assets and liabilities					
Total assets (in RMB thousands)	25,325,942	25,403,746	16,132,494	9,708,470	**6,752,538**
Total liabilities (in RMB thousands)	19,971,448	21,756,524	15,547,861	9,625,419	**7,632,260**

* Adjusted EBITDA excluded finance costs, income tax, depreciation and amortisation, net foreign exchange gain/(loss), bank interest income, share of profits of associates, impairment loss on solar power plants, assets classified as held for sale, property, plant and equipment and right-of-use assets, gain on disposal of property, plant and equipment, gain on change in fair value of derivative financial liabilities, loss on disposal of subsidiaries, loss on deemed disposal of a subsidiary, loss on Forced Sale of Nine Disposal Entities (as defined in Note 48(c)), written off of prepayments to suppliers and loss allowance recognised/(reversed) on trade and other receivables, contract assets, receivables included in other non-current assets, amounts due from the related parties and financial guarantee contracts, net.


Revenue in continuing operation
RMB'000
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2017
2018
2019
2020
2021
Solar power generation business in the PRC


Power generation volume
MWh
2,000,000
1,800,000
1,600,000
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2017
2018
2019
2020
2021
Power generation volume in the PRC


Net cash from/(used in) operating activities
RMB'000
2,980,000
2,480,000
1,980,000
1,480,000
980,000
480,000
(20,000)
2017
2018
2019
2020
2021


Adjusted EBITDA
RMB'000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
0
2017
2018
2019
2020
2021

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE CODE

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

(a) Corporate Governance Functions

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

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors; and

(v) to review the Group's compliance with the Corporate Governance Code and disclosure requirements in the corporate governance report.

(b) Board of Directors

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

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

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

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

Model Code

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

Chairman and Chief Executive Officer

Under code provision A.2.1 of the Corporate Governance Code, the roles of the Chairman of the Board and the chief executive should be separate and should not be performed by the same individual. As at the date of this annual report, Mr. Wang Yu acts as both the Chairman and the Chief Executive Officer. The Board believes that, after the previous disposals as set out in the Company's announcements dated 25 March 2019, 26 November 2019,18 March 2020, 31 December 2020, 24 August 2021, 6 November 2021 and 28 December 2021, respectively, the Group's business has been streamlined so that vesting the roles of both the Chairman and the chief executive officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its streamlined operation. Therefore, the Board considers that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

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

Independent Non-Executive Directors

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

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

During the Year, the Board had three Independent Non-Executive Directors with Mr. Kwong Wai Sun Wilson possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rules 3.10(1) and 3.10(2) of the Listing Rules. According to code provision A.4.3 of the Corporate Governance Code, if an independent non-executive director serves more than 9 years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by the Shareholders. In 2020, two Independent Non-Executive Directors (being Mr. Tao Wenquan and Mr. Zhao Yuwen) have been appointed as Independent Non-Executive Directors for more than 9 years. The Company has received annual confirmations of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. Taking into consideration of both Mr. Tao Wenquan and Mr. Zhao Yuwen's independent scope of work in the past years, the Board considers both of them to be independent under the Listing Rules despite the fact that they have served the Company for more than 9 years. Mr. Tao Wenquan and Mr. Zhao Yuwen have confirmed that they will continue to devote sufficient time for the discharge of their functions and responsibilities as Independent Non-Executive Directors. With their background, Mr. Tao Wenquan and Mr. Zhao Yuwen are fully aware of the responsibilities and expected amount of time dedicated to the Company. Based on the foregoing, the Board believes that their positions outside the Company will not affect them in maintaining their current roles in, and their functions and responsibilities for the Company. The Board also believes that their continued tenure will bring considerable stability to the Board and the Board has benefited greatly from the presence of Mr. Tao Wenquan and Mr. Zhao Yuwen who have over time gained valuable insight of the Group. Separate resolutions to appoint Mr. Tao Wenquan and Mr. Zhao Yuwen as Independent Non-executive Director have been approved by the Shareholders at the annual general meeting on 18 June 2021.

Training and Support for Directors

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

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

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

Meetings

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

	Board Meeting
No. of meetings held	7
No. of meetings attended	
Executive Directors	
Mr. Wang Yu	7/7
Mr. Zhang Fubo	7/7
Mr. Lu Bin	7/7
Mr. Chen Shi	7/7
Independent non-executive Directors	
Mr. Tao Wenquan	7/7
Mr. Zhao Yuwen	6/7
Mr. Kwong Wai Sun Wilson	7/7

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

Appointments, Re-election and Removal of Directors

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

Board Committees

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

Audit Committee

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

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

During the Year, two meetings were held by the audit committee. At the meetings, the annual report for the year ended 31 December 2020 and the interim report for the six months ended 30 June 2021 were reviewed in accordance with the terms of reference and other applicable policies and standards.

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

	Committee Meeting
No. of meetings held	2
No. of meetings attended	
Mr. Kwong Wai Sun Wilson	2/2
Mr. Tao Wenquan	2/2
Mr. Zhao Yuwen	1/2

Remuneration Committee

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

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

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

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration of the five highest paid individuals (including Directors) by band for the Year is set out below:

Remuneration band	**No. of individuals**
HKD1,000,001 to HKD1,500,000	0
HKD1,500,001 to HKD2,000,000	2
HKD2,000,001 to HKD2,500,000	3

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 13 to the consolidated financial statements.

Nomination Committee

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

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

	Committee Meeting
No. of meetings held	1
No. of meetings attended	
Mr. Wang Yu	1/1
Mr. Zhao Yuwen	0/1
Mr. Kwong Wai Sun Wilson	1/1

(c) Financial Reporting

The Directors, supported by the head of group finance department, acknowledge their responsibility for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. As set out in note 1(b) to the consolidated financial statements, the directors have given careful consideration to the going concern of the Group in light of the fact that the Group reported a loss of RMB745,613,000 for the year ended 31 December 2021 and, as at 31 December 2021 the Group's equity attributable to owners of the Company was a deficit of RMB974,319,000 and the Group's current liabilities exceeded its current assets by RMB979,616,000 as at 31 December 2021, representing a decrease of RMB2,059,444,000 from RMB3,039,060,000 as at 31 December 2020. The net current liabilities and capital deficiency of the Group will increase the difficulty of the Group in obtaining additional financing and negotiating with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and other borrowings which had been overdue or breached certain loan covenants. Further, certain creditors may demand immediate repayment of the debts owed by the Group and take actions against the Group, which will add more pressure on the financial position of the Company. Given that the execution of the Development Plan (as defined in note 1(b) to the consolidated financial statements) and measures by the Group involving multiple uncertainties with details as set out in note 1(b) to the consolidated financial statements, and in light of the significance of the extent of the multiple uncertainties relating to the ongoing availability of finance to the Group and the limitation of scope of work on disposal of the 11 Target Companies in 2020, the Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2021 (the "**Disclaimer**").

The Company has been implementing a series of plans and measures to address the uncertainties relating to going concern which was the underlying issue resulted in the disclaimer of opinion on the financial statements for the year ended 31 December 2020 (the "**2020 Financial Statement**") and the financial statements for the Year, including the following:

- collection of the remaining proceeds from the 2019 Disposals:

  As at the date of this annual report, the Company has received the proceeds of RMB 1,361.3 million from the 2019 Disposals. The Company expects to receive the remaining proceeds of RMB 14.4 million by September 2022. The delay in receiving the remaining proceeds is due to the delay of the completion of the remedial steps in relation to two of the 11 Target Companies, i.e. Hebei Guowei New Energy Technology Co., Ltd.*(河北國威新能源科技有限公司)and Sunan Yugur Autonomous County Zhongneng Chanyeyuan Co., Ltd.*(肅南裕固族自治縣中能產業園有限公司)as a result of COVID-19 pandemic in the PRC;

- collection of the remaining proceeds from the 2020 Disposals:

  As at the date of this annual report, the Company has received the proceeds of RMB 488.6 million from the 2020 Disposals. The Company expects to receive the remaining proceeds of RMB 7.4 million by May 2022. The delay in receiving the remaining proceeds is due to the delay of the completion of the remedial steps in relation to one of the 6 Target Companies, which is Wensu Riyuehui New Energy Co., Ltd.*(溫宿縣日月輝新能源有限公司)as a result of COVID-19 pandemic in the PRC;

- Lattice Power Disposal:

  The Lattice Power Disposal was completed on 15 September 2021. The purchaser of the Lattice Power Disposal has paid all the consideration and the Company has received proceeds of approximately RMB 390.6 million from the Lattice Power Disposal which was proportionate to the Company's shareholding in Lattice Power Corporation;

- 2021 First Disposals:

  On 13 August 2021, the Group entered into the 2021 First Disposal Sale and Purchase Agreements to dispose of the 2021 First Disposal Subject Companies at a total consideration of RMB 538 million. The 2021 First Disposals were approved by the Shareholders on 13 December 2021. As at the date of this annual report, registration for share transfer of Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd*(麥蓋提金壇正信新能源科技有限公司), Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd*(疏附縣中建材新能源光伏發電有限公司)and Wushi Longbai Electricity Investment Co., Ltd*(烏什龍柏電力投資有限公司)has been completed, and the Company expects that the registration of share transfer of the remaining four out of the seven 2021 First Disposal Subject Companies will be completed in June 2022. As at the date of this annual report, the Group has received proceeds of RMB 79.1 million from the 2021 First Disposals and expects to receive the remaining proceeds of RMB 458.5 million by April 2023;

- 2021 Second Disposals:

  On 24 September 2021, the Group entered into the 2021 Second Disposal Sale and Purchase Agreements to dispose of the 2021 Second Disposal Subject Companies at a total consideration of RMB 414.7 million. The 2021 Second Disposals were approved by the Shareholders on 13 January 2022 and the registration for share transfer of the two 2021 Second Disposal Subject Companies was completed in January 2022 and February 2022, respectively. As at the date of this annual report, the Group has received proceeds of RMB 298.4 million from the 2021 Second Disposals and expects to receive the remaining proceeds of RMB 116.2 million by December 2022;

- 2021 Third Disposal:

  On 29 December 2021, the Group completed the 2021 Third Disposal at a total consideration of RMB 14.4 million (subject to closing audit). As at the date of this annual report, the Group has received proceeds of RMB 15.6 million from the 2021 Third Disposal and expects to receive the remaining proceeds of RMB 4 million by August 2022, after having completed the closing audit with an upward adjustment of the payables to shareholders;

- 2022 Disposals:

  On 30 December 2021, the Group entered into the 2022 Disposals Sale and Purchase Agreements to dispose of the 2022 Disposals Subject Companies at a consideration of RMB 889.6 million. The Company expects to publish the circular in relation to the 2022 Disposals on or before 31 May 2022; and

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

Further, as disclosed in the announcement of the Company dated 1 December 2021, the Group received notices from Chongqing International Trust Co., Ltd. ("**Chongqing Trust**") and Chongqing Future Investment Co., Ltd. ("**Chongqing Future**") that they directed Jiangsu Changshun Xinhe New Energy Co., Ltd*（江蘇長順信合新能源有限公司）to sell 100% of the equity interests of the nine subsidiaries to Xinjiang Silu Qianyuan Energy Co., Ltd*（新疆絲路乾元能源有限責任公司）at a consideration of approximately RMB 1.11 billion. As at the date of this annual report, the Group has settled the entire amount of outstanding principal and interest owed to Chongqing Trust and Chongqing Future. Further, the consideration was expected to have a surplus of approximately RMB 381.6 million that Chongqing Trust and Chongqing Future will transfer back to the Group. As at the date of this annual report, the Group has received RMB 114 million and expects to receive the remaining proceeds of RMB 267.6 million by April 2023.

However, during the Year, despite the completion of the Lattice Power Disposal and the 2021 Third Disposal, and the entering into of the sale and purchase agreements of the 2021 First Disposals, the 2021 Second Disposals and the 2022 Disposals, and the notices of the Forced Sale, the proceeds from these transactions which have been received by the Group were insufficient for the repayment of all outstanding debts owed by the Group. In addition, the Company is in the process of completing and receiving the remaining proceeds from the abovementioned disposals (except the Lattice Power Disposal). Further, the Group has not obtained the consent of all creditors for extension of due date of the outstanding debts. Therefore, the measures mentioned above did not resolve the underlying uncertainties relating to going concern and resulted in the repeated Disclaimer on the 2021 Results. Please refer to "Note 1(b)(a) – Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates" of the Independent Auditors' Report for details of the bank and other borrowings of the Group. The Company will continue to negotiate with banks financial institutions and bondholders for alternative refinancing and/or extension of due dates of the relevant debts.

The Company expects that the Disclaimer arising from multiple uncertainties relating to going concern may be removed in the auditors' report for the year ending 31 December 2022 (the "**2022 Auditors' Report**") if the proposed plans and measures set out in this annual report can be implemented successfully, and no material adverse event which may have a significant impact on the business of the Group occurs.

For the Disclaimer arising from the limitation of scope of work on disposal of the 11 Target Companies in 2020, the Company believes that it has no impact on the financial position of the Company and expects that the Disclaimer will be removed in the 2022 Auditors' Report, as the financial figures in 2020 will no longer be included in the 2022 Auditors' Report as comparative figures. Please refer to "BASIS FOR DISCLAIMER OF OPINION" – 2. Limitation of scope of work on disposal of the 11 Target Companies in 2020" for details of the Disclaimer in this aspect.

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

- at the audit planning meeting held on 19 January 2022, members of the Audit Committee met with the Auditors to discuss the audit plan and the issues faced by the Company in the preparation of the financial statements for the Year. During the meeting, the Audit Committee was informed by the Auditors about the potential basis of preparation to be adopted for the Disclaimer, including but not limited to the multiple uncertainties relating to going concern and limitation of scope of work on disposal of the 11 Target Companies in 2020, as well as the discussion with the management relating to the update and potential repayment plan of the Group's major overdue indebtedness;

- at the meeting of the Audit Committee held on 30 March 2022, the Audit Committee considered the unaudited result of the financial statements of the Year with reference to the draft unaudited results announcement of the Company to be published on 31 March 2022 (the "**2021 Unaudited Results Announcement**"). During the meeting, the members of Audit Committee have particularly discussed with the management and the Auditors relating to the basis of preparation which was set out in the note 1(b) of the unaudited consolidated financial statement in the 2021 Unaudited Results Announcement, and further enquired on the proposals to address the Group's net current liabilities and capital deficiency position;

- at the Board meeting held on 31 March 2022, the Audit Committee reported to and discussed with the Board on the issues raised in the meeting of the Audit Committee on 30 March 2022 and the Board has discussed the proposals to address the Group's net current liabilities and capital deficiency position;

- at the meeting of the Audit Committee held on 20 April 2022, the Audit Committee has considered the audited results of the Company with reference to the draft audited results announcement of the Company to be published on 21 April 2022 (the "**2021 Audited Results Announcement**"). The Auditors reported to the Audit Committee of the audited financial statements for the Year, in particular, the basis for the Disclaimer including (i) multiple uncertainties relating to going concern and (ii) limitation of scope of work on disposal of the 11 Target Companies in 2020, the details of the steps taken by the Group to respond the major overdue indebtedness during the Year and the view that the Disclaimer arising from the limitation of scope of work on disposal of the 11 Target Companies in 2020 will be removed in normal circumstances in the 2022 Auditors' Report. The Audit Committee agreed with the Auditors' view; and

- at the Board meeting held on 21 April 2022, in response to the Disclaimer issued by the Auditors, the Board has provided an update of the proposals based on the discussion in the Board meeting on 31 March 2022, including but not limited to that the management has initiated negotiation with several creditors to propose the waiver of a proportion of the outstanding principal and all the accrued interest in consideration of a one-off early repayment, which was being considered by certain creditors. The Audit Committee agreed with the measures being undertaken by the management in improving the financial position of the Group.

The Audit Committee has also critically reviewed and agreed with the Auditors' view and the management's position and basis in relation to the Disclaimer arising from the limitation of scope of work on disposal of the 11 Target Companies in 2020.

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

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

External Auditor's Remuneration

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

	RMB'000
Audit services	3,000
Non-audit services	2,522

(d) Risk Management and Internal Controls

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

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

Risk Management Structure

Board

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

Audit Committee

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

Management

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

Third Party Professional Internal Control Adviser

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

Risk Management Process

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

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

Main Features of Risk Management and Internal Control Systems

Maintaining an Effective Internal Control System (Operational Level)

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

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

Ongoing Monitoring of Risks (Risk management level)

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

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

Independent review

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

During the Year, the Internal Control Adviser had completed the review on internal control for the Year. The period of reviews covered transactions carried out from 1 January 2021 to 31 December 2021 and the review covered the effectiveness of internal control initiatives in respect of enterprise level and operation level. The management would closely follow up all the recommendations from the Internal Control Adviser to ensure all the rectifications had been implemented within a reasonable period of time. The Internal Control Adviser had reported the review results to the Audit Committee.

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

Annual Confirmation

During the Year under review, the risk management report and the internal control report were submitted to the audit committee for review annually. The Board, through the audit committee, has reviewed reports concerning risk management and internal control systems and the Internal Control Adviser has also conducted an annual review on the effectiveness of the risk management and internal control systems (which included financial and operational controls) and unanimously considered that the risk management and internal control systems and procedures of the Group for the financial year ended 31 December 2021 were effective and adequate. The Group will continue to strengthen its ERM framework and implementation to meet the best practice within the industry. The aforementioned risk management and internal control systems aim to provide reasonable assurance, rather than eliminate the risk of failing to achieve business objectives. Therefore, such systems can only provide reasonable but not absolute assurance of not having any material misrepresentation or losses.

(e) Shareholders' Rights

Communications with Shareholders

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

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

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

By post: Portion C, 30/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong

By telephone: (852) 2363 9138

By email: ir@sfcegroup.com

In respect of code provision A.6.7 of the Corporate Governance Code, the following lists out the individual attendance of each Director at the annual general meeting of the Company which was held on 18 June 2021 and the extraordinary general meeting which was held on 13 July 2021 and 13 December 2021, respectively:

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

Code provision A.6.7 of the Corporate Governance Code provides that the Independent Non-Executive Directors and Non-Executive Director should attend general meetings of the Company. Due to prior business engagements, certain Independent Non-Executive Directors and an Executive Director were not able to attend the annual general meeting of the Company held on 18 June 2021 and extraordinary general meeting held on 13 July 2021 and 13 December 2021 in person but attended via electronic means of communication.

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

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

Procedures for Shareholders to Put Forward Proposals at a General Meeting

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

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

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

(f) Dividend Policy

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

(g) Constitutional Documents

Pursuant to the Listing Rules, the Company has published its Articles that were resolved and adopted by the Shareholders on 23 May 2011 on the websites of the Company and the Hong Kong Stock Exchange. During the Year, no amendment to the Articles was made.

DIRECTORS

Executive Directors

Mr. Wang Yu (王宇), aged 51, is an Executive Director of our Company, the Chairman of the Board, the Chief Executive Officer and the chairman of the nomination committee. Mr. Wang has over 24 years of management experience. Mr. Wang worked as the general manager assistant of Treasury Department of Hong Kong CADTIC (Group) Co., Ltd., the general manager of investment and management department of Shenzhen Yangguang Fund Management Co., Ltd., the president of Shenzhen Fenghua Telecom Co., Ltd., a Director of Shenzhen New Top Founder Fund Management Co., Ltd., a vice general manager of Hong Kong Huangshan Company Anhui Co., Ltd. and a partner of Tianjin Jasmine Fund Management Co., Ltd. Mr. Wang studied in Renmin University of China majoring in economics from 1988 to 1990 and studied in Florida State University majoring in finance from 1991 to 1993 as well as obtained an EMBA degree from Hong Kong University of Science and Technology in 2003.

Mr. Zhang Fubo (張伏波), aged 60, is an Executive Director of our Company and a member of the remuneration committee. Mr. Zhang has over 24 years of working experience. He was the deputy general manager of Shanghai Securities Company Limited from November 2006 to August 2012. He then served as the chairman of Hicend Futures Company Limited from January 2013 to November 2014. He currently also serves as an independent director of Wanjia Asset Management Company Limited since March 2016. Mr. Zhang was a non-executive director of Ko Yo Chemical (Group) Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0827) from May 2015 to June 2019, and an independent non-executive director of Shanghai Jin Jiang International Hotels Development Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600754) from August 2003 to May 2009, and was later reappointed as an independent non-executive director since August 2015 till now. He was an independent non-executive director of Shanghai Shenhua Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600653) from December 2014 to June 2021.

Mr. Lu Bin (盧斌), aged 52, is an Executive Director of our Company, and he is also the company secretary of our Company since 3 November 2018. Mr. Lu has over 24 years of working experience. Mr. Lu worked as a teacher of Shanghai International Studies University, an investigator of Inland Revenue Department of New Zealand and as a director of China Energy Oil Investment Limited. Mr. Lu obtained a bachelor degree in English and American literature from Shanghai International Studies University, a master degree in teaching English as a foreign language from Reading University and a master degree in business administration from Webster University. Mr. Lu also obtained a bachelor degree in commerce (double major in financing and accounting) from Auckland University and a graduate diploma in commerce from Auckland University. Mr. Lu is a chartered accountant of New Zealand Institute of Chartered Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Chen Shi (陳實), aged 60, is an Executive Director of our Company. Mr. Chen has over 30 years of working experience. Mr. Chen worked as a deputy head and then the head of the Policy Division of Social and Economic Development Research Center of the People's Government of Hainan Province from July 1989 to November 1994. He was a deputy general manager of Yat Chau Holdings Limited from December 1994 to February 1998. He then served as a deputy general manager of Cityford Dyeing & Printing Industrial Limited from March 1998 to December 2001. From January 2002 to February 2013, Mr. Chen was the president of Caricom Limited. He was previously a director of Partners Financial Holdings Limited from November 2012 to July 2013 and a non-executive director of LDK Solar Co., Ltd. (a company listed on the New York Stock Exchange Inc.) from March 2014 to May 2016. Mr. Chen also served as a non-executive director of the Company from March 2013 to September 2013. He is currently a director of Mountain China Resorts (Holdings) Limited (a company listed on the TSX Venture Exchange in Canada) since February 2012 and an executive director and chief executive office of Good Resources Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 109) since July 2019. Mr. Chen obtained a bachelor degree and a master degree in Economics from Wuhan University in August 1982 and July 1985, respectively. He later obtained his doctorate degree in Economics from the Graduate School of Chinese Academy of Social Sciences in July 1989.

Independent Non-Executive Directors

Mr. Tao Wenquan (陶文銓), aged 83, is an Independent Non-Executive Director of the Company and a member of the audit committee and the remuneration committee of the Company. Mr. Tao has been an academician of the Chinese Academy of Science since 2005. In addition, Mr. Tao is currently a member of the Advisory Board of Numerical Heat Transfer, an associate editor of International Journal of Heat & Mass Transfer and an Associate Editor of International Communications in Heat & Mass Transfer. Mr. Tao was an independent director of THT Heat Transfer Technology, Inc. (a company listed on the Nasdaq Stock Market). Mr. Tao was also an independent director of Beijing Shouhang Resources Saving Co., Ltd. (北京首航艾啟威節能技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 2665). Mr. Tao completed undergraduate studies in power machinery engineering from Xian Jiaotong University in 1962 and postgraduate studies in heat transfer science from Xian Jiaotong University in 1966.

Mr. Zhao Yuwen (趙玉文), aged 82, is an Independent Non-Executive Director of the Company and a member of the nomination committee, the remuneration committee and the audit committee of the Company. He is the supervisor of Chinese Renewable Energy Society (formerly known as China Solar Energy Society), and a honorary director of its Photovoltaic Solar Committee in 2017. Mr. Zhao had represented Beijing Solar Energy Research Institute to participate in the World Conference on Photovoltaic Energy Conversion as a member of the advisory committee. In 2005, Mr. Zhao was awarded the International Photovoltaic Science and Engineering Achievement Award at the 15th International Photovoltaic Conference. He was granted the State Council Special Allowance for Experts in recognition of his immense contribution to scientific research and development in China in 1998 and was certified as a qualified professional researcher in 1994. Mr. Zhao has been appointed as an independent director of JA Solar Holdings Co., Ltd. (晶澳太陽能有限公司) (a company listed on the Nasdaq Stock Market) since 2009 until it completed privatization and withdrew from Nasdaq Stock Market in July 2018. Mr. Zhao completed undergraduate studies in electrochemistry production engineering in the chemical engineering department of Tianjin University in 1964.

Mr. Kwong Wai Sun Wilson (鄺偉信), aged 56, is an Independent Non-Executive Director of our Company, a member of the nomination committee and the chairman of each of the audit committee and remuneration committee, respectively. Mr. Kwong obtained a bachelor degree in Arts from University of Cambridge, England in 1987, and is currently an associate member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Kwong previously worked at a number of investment banks in Hong Kong. Mr. Kwong has 12 years of experience in corporate finance and equity capital markets in Asia. From 2002 to 2003, Mr. Kwong was the director and the head of equity capital markets for Cazenove Asia Limited, an investment bank. From 2004 to 2006, Mr. Kwong held the position of the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited, and was a managing director of investment banking. Mr. Kwong is currently an executive director of China Metal Resources Utilization Limited (中國金屬資源利用有限公司) (stock code: 1636), an independent non-executive director of C.banner International Holdings Limited (千百度國際控股有限公司) (stock code: 1028), China Outfitters Holdings Limited (中國服飾控股有限公司) (stock code: 1146), China New Higher Education Group Limited (中國新高教集團有限公司) (stock code: 2001) and Koolearn Technology Holding Limited (新東方在線科技控股有限公司) (stock code: 1797). These companies are listed on the Main Board of the Hong Kong Stock Exchange.

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

PRINCIPAL ACTIVITIES

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

PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2021 are set out in note 55 to the consolidated financial statements.

BUSINESS REVIEW

Detailed business review of the Group's business during the Year, including the analysis of Group's performance during the year by using the key financial performance indicators, is set out in the section of Management Discussion and Analysis on pages 6 to 16 this annual report. Future development of the Company's business is set out in the section "Future Prospect" in this annual report on page 5. Other than the events set out in the note 56 to the consolidated financial statements, the Directors have not identified any important events affecting the Group that have occurred subsequent to the Year under review.

KEY RISKS AND UNCERTAINTIES

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

Business risks

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

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

Foreign exchange rate risk

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

Operational risk

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

Liquidity risk

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATION

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

RELATIONSHIPS WITH STAKEHOLDERS

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

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

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

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

ENVIRONMENTAL POLICY

The Group has evolved from a pure solar power business into a leading integrated clean energy provider in the PRC and around the globe. The Group encourages environmental protection and energy-saving, and promote environmental awareness for its management and employees.

The Group's solar power plants generated approximately 867,275 MWh in 2021, which saved the consumptions of coal by 264,432 tonnes, and reduced emissions of smoke and dust, carbon dioxide and sulfur dioxide by 28 tonnes, 721,573 tonnes and 139 tonnes respectively, in comparison with the equivalent volume of electricity generated by traditional coal-fired power plants.

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

SOCIAL RESPONSIBILITY

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

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

Detailed information on the environmental, social and governance practices adopted by the Company is set out in the Environment, Social and Governance Report which will be presented in a separate report and published on the websites of the Company and the Hong Kong Stock Exchange on or before 31 May 2022.

FINANCIAL STATEMENTS

The loss of the Group for the Year and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 52 to 210 of this annual report.

DIVIDENDS

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

RESERVES

Details of movements in reserves of the Group are set out in the consolidated statement of changes in equity on pages 56 to 57.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2021, the Company has no reserves available for distribution.

OPERATING RESULTS

The operating results of the Group are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this annual report.

CHARITABLE DONATIONS

The Company did not make any charitable and other donations during the Year.

PROPERTY, PLANT AND EQUIPMENT AND SOLAR POWER PLANTS

Movements in property, plant and equipment and solar power plants of the Group during the Year are set out in note 17 and note 19 to the consolidated financial statements, respectively.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 43 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

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

Independent Non-executive Directors

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

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

Pursuant to Articles 83(3) and 84 of the Articles, Mr. Wang Yu, Mr. Chen Shi and Mr. Zhang Fubo will retire as Directors at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election.

DIRECTORS' BIOGRAPHIES

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' SERVICE CONTRACTS

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

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

As at 31 December 2021 the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code were as follows:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Mr. Wang Yu	Beneficial owner	27,345,588 (long position)	0.55%
Mr. Zhang Fubo	Beneficial owner	9,918,000 (long position)	0.20%

Note:

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 31 December 2021, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS AND CHIEF EXECUTIVE

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

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

As at 31 December 2021, so far as is known to the Directors or the chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares, which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO:

Name of Shareholders	Capacity	Number of Shares held	Approximate percentage of interest in total issued share capital of the Company
Peace Link Services Limited	Beneficial owner (Note 1)	2,599,335,467 (long position)	52.17%
Asia Pacific Resources Development Investment Limited	Beneficial owner and interest of controlled corporation (Note 2)	2,674,892,658 (long position)	53.69%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation (Note 3)	2,681,844,658 (long position)	53.83%
Coherent Gallery International Limited	Beneficial owner (Note 4)	242,967,960 (long position)	4.88%
Faithsmart Limited	Interest of controlled corporation (Note 5)	2,674,892,658 (long position)	53.69%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 6)	392,968,898 (long position)	7.89%
Bank of Communications Co., Ltd	Person having a security interest in shares (Note 7)	495,968,457	9.95%

Notes:

1. Peace Link Services Limited is wholly owned by Faithsmart Limited which is in turn wholly owned by Mr. Cheng Kin Ming. As at 31 December 2021, 1,085,028,449 Shares were allotted and issued to Peace Link Services Limited upon the exercise in full of the conversion rights attaching to the convertible bonds subscribed by Peace Link Services Limited pursuant to the subscription agreements dated 31 December 2012, 28 June 2013 and 29 November 2013 entered into with the Company.

2. Asia Pacific Resources Development Investment Limited is the beneficial owner of 100% shareholding in Peace Link Services Limited and therefore, Asia Pacific Resources Development Investment Limited is deemed to be interested in 2,599,335,467 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 2,674,892,658 Shares held by Asia Pacific Resources Development Investment Limited and Peace Link Services Limited for the purpose of the SFO, and Mr. Cheng Kin Ming held 3,452,000 Shares in his personal capacity.

4. Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.

5. 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 2,674,892,658 Shares held by Asia Pacific Resources Development Investment Limited for the purpose of the SFO.

6. Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Coherent Gallery International Limited and, therefore, Mr. Tang Guoqiang is deemed to be interested in 242,967,960 Shares held by Coherent Gallery International Limited for the purposes of the SFO.

7. Bank of Communications Co., Ltd enforced its right in 495,968,457 Shares it held by way of security as a lender on 25 November 2020.

Save as the disclosed above, to the best knowledge of the Directors, as at 31 December 2021, no person (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

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

With reference to the announcements of the Company dated 31 December 2020, 22 January 2021, 19 February 2021, 31 March 2021, 30 April 2021, 31 May 2021, 23 June 2021 and 13 July 2021, on 31 December 2020 (after trading hours), Lattice Power Corporation (an indirect non-wholly owned subsidiary of the Company) entered into the sale and purchase agreement with Nanchang Guanggu Group Limited* (南昌光穀集團有限公司) which has conditionally agreed to purchase the 100% of the equity interests in Lattice Power (Jiangxi) Co., Ltd, at an aggregate consideration of RMB670 million. On 18 August 2021, Lattice Power entered into a supplementary agreement with Nanchang Guanggu Group Limited to change the purchasers to the Lattice Power Disposal New Purchasers, pursuant to the terms of the sale and purchase agreement dated 31 December 2020. Zhi Ben is 75% owned by Mr. Wang Min (a director of Lattice Power and therefore a connected person of the Company) and 25% owned by Mr. Peng Guoping (an Independent Third Party). The general partner of Si Rui is Yue Xin which is 90% owned by Zhi Ben and 10% owned by Mr. Wang Min. Ge Rui Han Te is a limited partner holding 99% of interest in Si Rui. Mr. Wang Gang, the younger brother of Mr. Wang Min and therefore a connected person of the Company, is the general partner and holding 99% of interest in Ge Rui Han Te. The general partner of Zhi Zhen is Yue Xin holding 1% of interest and Jiangxi Wen Xin is a limited partner holding 99% of interest in Zhi Zhen. Jiangxi Wen Xin is 90% owned by Mr. Wang Gang. The general partner of Guan Tong is Yue Xin holding 1.5% of interest and Ge Rui Han Te is a limited partner holding 98.5% of interest in Guan Tong.

* *English name is for identification purpose only*

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

As the Lattice Power Disposal New Purchasers are directly or indirectly held by Mr. Wang Min, a director of Lattice Power Corporation which is an indirect non-wholly owned subsidiary of the Company, and is therefore a connected person of the Company, the sale and purchase agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent Shareholders' approval was obtained on 13 July 2021. The registration of share transfer of Lattice Power (Jiangxi) Co., Limited was completed in September 2021.

CONTINUING CONNECTED TRANSACTIONS

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

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

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

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

CONVERTIBLE BONDS RAISING ACTIVITIES

During the Year, no convertible bond has been issued.

CONTRACTS WITH THE CONTROLLING SHAREHOLDERS

During the Year, save for the property leasing agreement disclosed in the section headed "Connected Transactions", no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling Shareholders of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

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

EMOLUMENT POLICY

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales with respect to the continuing operations attributable to the Group's largest and five largest customers were approximately 17.2% and approximately 64.2% of the Group's total sales, respectively.

Aggregate purchases with respect to the continuing operations attributable to the Group's largest and five largest suppliers were approximately 6.0% and approximately 25.5% of the Group's total purchases, respectively.

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

AUDITOR

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

SUFFICIENCY OF PUBLIC FLOAT

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

BORROWINGS

The details of borrowings of the Group for the Year are set out in note 39 to the consolidated financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code for the year ended 31 December 2021.

COMPLIANCE WITH THE MODEL CODE

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

AUDIT COMMITTEE

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

PRODUCTION CAPACITY

As at the date of this annual report, solar power generation business has a grid-connected annual designed installed capacity of approximately 489 MW.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the five financial years ended 31 December 2021 is set out on page 211 of this annual report.

By order of the Board
Wang Yu
Chairman
Hong Kong

13 May 2022

FINANCIAL SECTION

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TO THE SHAREHOLDERS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 210, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group because we have not been able to obtain sufficient appropriate audit evidence and due to the potential interaction of multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Multiple uncertainties relating to going concern

As set out in Note 1(b) to the consolidated financial statements, the Group incurred a net loss of RMB745,613,000 during the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and a capital deficiency of RMB979,616,000 and RMB879,722,000 respectively.

As set out in Note 39 to the consolidated financial statements, the Group's bank and other borrowings amounted to RMB1,596,234,000 were included as current liabilities as at 31 December 2021, out of which RMB853,117,000 were overdue and became immediately repayable as at 31 December 2021. The overdue amount increased to RMB885,547,000 as at the date of approval of these consolidated financial statements. As at 31 December 2021, bank and other borrowings of RMB473,413,000 did not meet certain loan covenants in the relevant borrowing agreements and became immediately repayable as of that date. On 20 May 2021, China Development Bank lodged a litigation against a subsidiary of the Company for an outstanding loan principal and relevant interest payable. The outstanding loan principal was RMB22,185,000 as at the date of approval of these consolidated financial statements.

Further, as set out in Note 41 to the consolidated financial statements, the 2015 Corporate Bond (as defined in Note 1(b) to the consolidated financial statements) and 2016 Corporate Bond (as defined in Note 1(b) to the consolidated financial statements), including the outstanding principal of RMB329,909,000 and RMB255,463,000 as at 31 December 2021 respectively, have been overdue and became immediately repayable as of that date. In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interest immediately. Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of 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), 100% equity interest of Jiangxi Shunfeng Photovoltaic Investment Co., Ltd.# (江西順風光電投資有限公司) 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) have been put under the freezing order. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

However, the Group maintained cash and cash equivalents of RMB55,676,000 as at 31 December 2021 only.

These conditions, along with other matters as set forth in Note 1(b) to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

In order to enable the Group to meet with its immediate financing needs, the Group continues to implement a series of plans and measures which comprise, inter alia, (i) progressing the collection of the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies (as defined in Note 26(i) to the consolidated financial statements), Forced Sale of Nine Disposal Entities (as defined in Note 48(c) to the consolidated financial statements), the disposal of Yangyuan Juge (as defined in Note 48(d) to the consolidated financial statements) and the disposals of the 2 Target Companies (as defined in Note 26(ii) to the consolidated financial statements); (ii) completing the disposals of the remaining 5 entities out of the 7 Target Companies; (iii) proceeding the proposed disposals of the 4 Target Companies (as defined in Note 56 to the consolidated financial statements); and (iv) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and other borrowings which had been overdue or breached certain loan covenants.

The details of the plans and measures have been set out in Note 1(b) to the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the plans and measures as detailed in Note 1(b) to the consolidated financial statements and also subject to multiple uncertainties, including:

(i) whether the Group is able to collect the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies in accordance with the amount and timing expected by the Company;

(ii) whether the Group is able to complete the disposals of the remaining 5 entities out of the 7 Target Companies and the proposed disposals of the 4 Target Companies and collect the sale proceeds in accordance with the amount and timing expected by the Company;

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(iii) whether the Group is able to release the freezing order of Xinjiang Tianli, one of target companies under the proposed disposals of the 4 Target Companies, submitted by the two bondholders of the 2015 Corporate Bond in order to proceed the completion of the proposed disposals of the 4 Target Companies;

(iv) whether the Group is able to convince its creditors (including bank and other borrowings and bond payables) to a) allow the Group to repay or partially repay the amounts due according to the Group's expected repayment time and amount, and b) allow the Group to further extend the repayment in accordance with the timetable of consideration received from the Group's disposals;

(v) whether the creditors will agree not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants; and

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

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

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

On 15 November 2019, the Company entered into 11 sale and purchase agreements with an independent third party to dispose of its 100% equity interest in the 11 Target Companies (as defined in Note 48(e) to the consolidated financial statements). The disposal of the 11 Target Companies had been completed during the year ended 31 December 2020 and the Group recorded a loss on disposal of RMB31,939,000 during the year ended 31 December 2020.

We were appointed as auditors of the Company after the completion of the disposal of the 11 Target Companies. During our audit of 2020 consolidated financial statements, the directors of the Company were unable to grant us the access to the books and records and the relevant information of the 11 Target Companies because the 11 Target Companies were no longer subsidiaries of the Group and management of the 11 Target Companies denied the Group's directors and our access to the books and records and other information of the 11 Target Companies. As a result, we were unable to perform audit procedures that we considered necessary and determine whether (i) the carrying amounts of net assets as at respective dates of disposal of the 11 Target Companies as detailed in Note 48(e) to the consolidated financial statements; and (ii) the income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective dates of disposal were fairly stated. Accordingly, together with other matters, we disclaimed our audit opinion on 2020 consolidated financial statements.

The income and expenses of the 11 Target Companies for the period from 1 January 2020 to the respective disposal dates and the loss on disposal of the 11 Target Companies amounted to RMB31,939,000 had been included as comparative information in 2021 consolidated financial statements. We disclaimed our audit opinion on 2021 consolidated financial statements also for the possible effect of limitation of scope of our work of 2021 consolidated financial statements on the comparability of the related 2021 figures and 2020 figures in these consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the terms of our 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.

However, because we have not been able to obtain sufficient appropriate audit evidence and due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

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

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 21 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December 2021 RMB'000	2020 RMB'000 (Re-presented)
Continuing operation			
Revenue	5	**650,186**	904,422
Cost of sales		**(353,429)**	(456,519)
Gross profit		**296,757**	447,903
Other income	7	**36,942**	45,211
Other gains and losses, net	8	**(467,886)**	(208,884)
Impairment losses under expected credit loss model, net of reversal	9	**(33,957)**	12,621
Administrative expenses		**(107,935)**	(115,067)
Share of profits of associates		**2,345**	1,629
Finance costs	10	**(592,903)**	(777,078)
Loss before tax	11	**(866,637)**	(593,665)
Income tax expense	14	**(5,832)**	(10,283)
Loss for the year from continuing operation		**(872,469)**	(603,948)
Discontinued operation			
Profit for the year from discontinued operation	12	**126,856**	102,326
Loss for the year		**(745,613)**	(501,622)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**–**	(16)
Fair value gain on receivables at fair value through other comprehensive income ("FVTOCI")		**7**	56
Release of reserves upon disposal of subsidiaries	48(a)	**(4,738)**	–
Other comprehensive income for the year		**(4,731)**	40
Total comprehensive income for the year		**(750,344)**	(501,582)

	NOTE	Year ended 31 December 2021 RMB'000	2020 RMB'000 (Re-presented)
(Loss)/Profit for the year attributable to owners of the Company			
— from continuing operation		**(867,066)**	(603,948)
— from discontinued operation		**67,401**	51,667
Loss for the year attributable to owners of the Company		**(799,665)**	(552,281)
(Loss)/Profit for the year attributable to non-controlling interests			
— from continuing operation		**(5,403)**	–
— from discontinued operation		**59,455**	50,659
Profit for the year attributable to non-controlling interests		**54,052**	50,659
Total comprehensive income for the year attributable to:			
Owners of the Company		**(804,396)**	(552,365)
Non-controlling interests		**54,052**	50,783
		(750,344)	(501,582)
From continuing and discontinued operations		**RMB cents**	RMB cents
Loss per share	15		
— Basic		**(16.05)**	(11.08)
— Diluted		**(16.05)**	(11.08)
From continuing operation		**RMB cents**	RMB cents
Loss per share	15		
— Basic		**(17.40)**	(12.12)
— Diluted		**(17.40)**	(12.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	17	**27,966**	257,989
Right-of-use assets	18	**41,703**	155,315
Solar power plants	19	**1,202,669**	4,650,831
Intangible assets	20	**126,549**	2,410
Interests in associates	21	**36,109**	33,764
Interest in a joint venture	22	**–**	–
Financial assets at fair value through profit or loss ("FVTPL")	23	**1,000**	2,207
Other non-current assets	24	**23,033**	109,668
Value-added tax recoverable – non-current		**97,997**	294,378
Contract assets – non-current	25	**–**	346,664
		1,557,026	5,853,226
Current assets			
Inventories	27	**–**	83,092
Trade and other receivables	28	**1,036,131**	1,769,295
Receivables at FVTOCI	29	**1,180**	9,527
Financial assets at fair value through profit or loss ("FVTPL")	23	**–**	10,338
Value-added tax recoverable		**18,409**	58,265
Prepayments to suppliers	31	**3,998**	33,232
Amounts due from the related parties	32	**1,599,840**	1,636,801
Tax recoverables		**76**	–
Restricted bank deposits	33	**6,882**	27,948
Bank balances and cash	33	**55,676**	226,746
		2,722,192	3,855,244
Assets classified as held for sale	26	**2,473,320**	–
		5,195,512	3,855,244
Current liabilities			
Trade and other payables	34	**542,859**	1,141,654
Contract liabilities	35	**–**	12,826
Amounts due to the related parties	36	**1,619,538**	1,651,233
Lease liabilities	37	**11,534**	17,194
Provisions	38	**201,017**	187,646
Tax liabilities		**–**	8,143
Bank and other borrowings	39	**1,596,234**	3,219,869
Convertible bonds	40	**37,376**	37,376
Bond payables	41	**585,372**	618,363
		4,593,930	6,894,304

	NOTES	As at 31 December 2021 RMB'000	2020 RMB'000
Liabilities associated with assets classified as held for sale	26	**1,581,198**	–
		6,175,128	6,894,304
Net current liabilities		**(979,616)**	(3,039,060)
Total assets less current liabilities		**577,410**	2,814,166
Capital and reserves			
Share capital	43	**40,756**	40,756
Reserves		**(1,015,075)**	(1,515,141)
Equity attributable to owners of the Company		**(974,319)**	(1,474,385)
Non-controlling interests	44	**94,597**	1,557,436
(Capital deficiency)/Total equity		**(879,722)**	83,051
Non-current liabilities			
Deferred tax liabilities	42	**–**	3,555
Bank and other borrowings	39	**318,646**	2,220,106
Loan from a related company	36	**599,301**	–
Lease liabilities	37	**13,228**	15,691
Convertible bonds	40	**525,957**	491,763
		1,457,132	2,731,115
		577,410	2,814,166

The consolidated financial statements on pages 52 to 210 were approved and authorised for issue by the board of directors on 21 April 2022 and are signed on its behalf by:

DIRECTOR	*DIRECTOR*
Wang Yu	**Lu Bin**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note a)	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Convertible bonds equity reserve RMB'000 (Note b)	Share-based payment reserve RMB'000 (Note c)	Accumulated deficits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000 (Note 44)	Total RMB'000
At 1 January 2020	40,756	6,076,424	(2,209,091)	(412)	5,169	879,850	119,369	(5,781,165)	(869,100)	1,453,733	584,633
(Loss)/Profit for the year	-	-	-	-	-	-	-	(552,281)	(552,281)	50,659	(501,622)
Other comprehensive income for the year	-	-	-	56	(140)	-	-	-	(84)	124	40
Total comprehensive income for the year	-	-	-	56	(140)	-	-	(552,281)	(552,365)	50,783	(501,582)
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities to non-controlling interests (Note d)	-	-	-	-	-	-	-	(52,920)	(52,920)	52,920	-
At 31 December 2020	40,756	6,076,424	(2,209,091)	(356)	5,029	879,850	119,369	(6,386,366)	(1,474,385)	1,557,436	83,051
(Loss)/Profit for the year	–	–	–	–	–	–	–	(799,665)	(799,665)	54,052	(745,613)
Other comprehensive income for the year	–	–	–	147	(4,878)	–	–	–	(4,731)	–	(4,731)
Total comprehensive income for the year	–	–	–	147	(4,878)	–	–	(799,665)	(804,396)	54,052	(750,344)
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities to non-controlling interests (Note d)	–	–	–	–	–	–	–	(43,113)	(43,113)	43,113	–
Forced Sale of Nine Disposal Entities (Notes (a)(ii) and 4(i)(e))	–	–	1,134,981	–	–	–	–	212,594	1,347,575	(1,347,575)	–
Disposal of Lattice Power Group (Notes (c) and 48(a))	–	–	–	–	–	–	(119,369)	119,369	–	(312,429)	(312,429)
Contribution from a non-controlling shareholder (Note 44)	–	–	–	–	–	–	–	–	–	100,000	100,000
At 31 December 2021	40,756	6,076,424	(1,074,110)	(209)	151	879,850	–	(6,897,181)	(974,319)	94,597	(879,722)

Notes:

a. Special reserve mainly include:

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

ii. the carrying amount of the Group's interest in relation to Jiangsu Changshun and Nine Disposal Entities (as defined in Note 4(i)(e)) in respect of the Group's 2015 Proposed Disposal (as defined in Note 4(i)(e)) to non-controlling interests as to reflect the transfer of their equity interests to Chongqing Future completed on 18 December 2015.

Notes: (Continued)

a. (Continued)

A Termination Agreement (as defined in Note 4(i)(e)) was entered into to terminate the 2015 Proposed Disposal with immediate effect on 21 June 2016. As at 31 December 2016, the entire equity interest of Jiangsu Changshun has not yet been transferred back to the Group, and the Group's entire interests in Jiangsu Changshun and the Nine Disposal Entities kept being accounted for as non-controlling interests.

Upon the Forced Sale of Nine Disposal Entities (as defined in Note 48(c)) in December 2021, the aforesaid carrying amount of RMB1,134,981,000 was reclassified to accumulated deficits.

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

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

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

b. Convertible bonds equity reserve represents the value of the equity conversion component of the convertible bonds as set out in Note 40.

c. On 20 May 2015, the Company entered into share purchase agreements with the existing shareholders of and individuals holding options in Lattice Power Corporation (collectively referred to as the "Sellers") in relation to the acquisition of 58% of the equity interest in Lattice Power Corporation (together with its subsidiaries collectively referred to as the "Lattice Power Group"), for a consideration which shall be satisfied in full by the Company allotting and issuing 392,307,045 new Shares to the Sellers. Lattice Power Corporation is a company incorporated in the Cayman Islands and is principally engaged in manufacturing and sales of LED products. The acquisition was completed on 6 August 2015 and Lattice Power Corporation has become an indirectly held subsidiary of the Company. The acquisition of Lattice Power Corporation has been accounted for as business combination.

One of the Sellers, Asia Pacific Resources, a limited company incorporated in the British Virgin Islands, is indirectly wholly-owned by Mr. Cheng, a substantial shareholder of the Company. 9,453,921 shares acquired by the Group from Asia Pacific Resources represented 11.46% of the equity interest in Lattice Power Corporation.

On 18 April 2006, Lattice Power Corporation approved the 2006 Global Share Plan (the "2006 ESOP") and common shares of Lattice Power Corporation were reserved to grant to its employees, directors and consultants in certain years. As of 5 August 2015, a total number of 28,000,000 options have been granted to the employees, directors and consultants of Lattice Power Group.

On 6 August 2015, the date on which Lattice Power Group was acquired by the Group, pursuant to the agreement entered into between the Company and the ESOP option holders (the "ESOP Sellers"), the Company acquired from the ESOP Sellers 14,280,000 common shares of Lattice Power Corporation, which were converted from 51% of the outstanding options granted (the "51% ESOP Completion"). The 2006 ESOP was terminated prior to the 51% ESOP Completion but the remaining 49% of the outstanding options, with a total number of 13,720,000 convertible shares in accordance with the original terms according to the 2006 ESOP would continue to be valid after the 51% ESOP Completion ("49% Outstanding Options"). Please refer to Note 48 to the consolidated financial statements of the annual report of 2016 for further details.

Share-based payment reserve represents the recognition of share-based payments of Lattice Power Group, being the remuneration cost for post-combination service. The Group disposed of its 58% equity interest in Lattice Power Corporation on 24 December 2021 and therefore the carrying amount of share-based payment reserve of RMB119,369,000 was reclassified to accumulated deficits.

d. Profit for the year related to Jiangsu Changshun and the Nine Disposal Entities consolidated to the Group was transferred from the Group's accumulated deficits to non-controlling interests. Although the 2015 Proposed Disposal had been terminated as at 31 December 2016, the legal ownership of Jiangsu Changshun and the Nine Disposal Entities still kept by Chongqing Future and had not yet been transferred back to the Group. In the opinion of the directors of the Company, the related profit for both years should also be accounted for as attributable to non-controlling interest as at dates of disposal and 31 December 2020, accordingly.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Operating activities		
Loss before tax from continuing and discontinued operations	**(733,228)**	(488,484)
Adjustments for:		
Interest income	**(2,326)**	(3,598)
Finance costs	**594,645**	781,794
Gain on change in fair value of derivative financial liabilities	**–**	(1,293)
Gain on derecognition of derivative financial liabilities	**–**	(4,785)
Loss on change in fair value of financial assets at FVTPL	**–**	551
Share of profits of associates	**(2,345)**	(1,629)
Net foreign exchange gain	**(62,283)**	(139,270)
Depreciation of property, plant and equipment	**17,666**	30,042
Depreciation of solar power plants	**278,432**	362,182
Amortisation of intangible assets	**18,241**	494
Depreciation of right-of-use assets	**10,441**	10,828
Waiver of EPC payables	**–**	(123,053)
Waiver of default interest payables	**(28,072)**	–
Gain on release of financial guarantee contracts (Note 38(a))	**(9,000)**	(3,022)
Gain on disposal of property, plant and equipment	**(628)**	(744)
(Reversal of allowance)/allowance for inventories	**(11,001)**	4,156
Loss allowance recognised/(reversed) on trade and other receivables	**32,314**	(20,925)
Loss allowance (reversed)/recognised on contract assets	**(49)**	169
Loss allowance recognised on other non-current assets	**822**	–
Loss allowance recognised on amounts due from the related parties	**5,320**	2,527
Impairment loss on right-of-use assets	**2,631**	–
Impairment loss on property, plant and equipment	**23,135**	–
Impairment loss on solar power plants	**129,555**	79,109
Impairment loss recognised on assets classified as held for sale	**102,828**	–
Loss on disposal of discontinued operation (Note 12)	**30,539**	–
Loss on disposal of subsidiaries (Notes 48 (b), (d), (e) and (f))	**47,884**	252,635
Loss on Forced Sale of Nine Disposal Entities (Note 48 (c))	**223,938**	–
Loss on deemed disposal of a subsidiary (Note 48(g))	**–**	79,054
Written off of property, plant and equipment	**–**	19,108
Written off of prepayments to suppliers	**–**	2,271
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (Note 7)	**(17,460)**	(23,645)
Provision for financial guarantee contract (Note 38(a))	**15,640**	25,768
Provision on legal claims (Note 38(b))	**11,000**	–

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Operating cash flows before movements in working capital	**678,639**	840,240
(Increase)/Decrease in inventories	**(22,538)**	4,902
Decrease/(Increase) in contract assets	**3,411**	(90,139)
Increase in trade and other receivables	**(497,458)**	(179,178)
Decrease/(Increase) in prepayments to suppliers	**12,125**	(16,613)
Decrease/(Increase) in amounts due from the related parties	**20,408**	(1,507)
Increase/(Decrease) in trade and other payables	**35,273**	(663,581)
Increase in contract liabilities	**5,544**	316
(Increase)/Decrease in receivables at FVTOCI	**(12,914)**	8,059
Decrease in value-added tax recoverable	**78,920**	84,554
Cash generated from/(used in) operations	**301,410**	(12,947)
Income taxes paid	**(14,624)**	(10,657)
Net cash generated from/(used in) operating activities	**286,786**	(23,604)
Investing activities		
Withdrawal of restricted bank deposits	**8,547**	46,871
Receipt from government grants	**300**	96,734
Bank interest income received	**2,326**	3,598
Payments of right-of-use assets	**(3,859)**	–
Placement of restricted bank deposits	**(69,869)**	(6,963)
Payments of property, plant and equipment	**(51,761)**	(36,771)
Payments for construction cost in respect of solar power plants	**(9,588)**	(36,600)
Proceeds on disposal of property, plant and equipment	**628**	5,315
Proceeds on disposal of solar power plants	**10,691**	13,826
Payments for purchase of financial assets at FVTPL	**(1,000)**	(10,000)
Purchase of intangible assets	**(181)**	(88)
Loan repayment from independent third parties	**4,331**	24,299
Loan repayment from the Disposal Group	**–**	274,043
Net cash inflows arising from disposal of subsidiaries	**68,844**	1,620,724
Dividend received from associates	**–**	490
Acquisition of assets, net (Note 47)	**–**	(28,389)
Receipt of consideration receivables in respect of subsidiaries disposed of in previous years	**207,473**	–
Receipt of consideration receivables from deemed disposal of a subsidiary	**23,279**	933
Receipt of consideration receivables in respect of the disposal of 2019 Disposal Group	**–**	92,549
Settlement received from amounts due from disposed subsidiaries disposed of in previous years	**–**	1,134
Net cash generated from investing activities	**190,161**	2,061,705

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Financing activities		
New bank and other borrowings raised	**10,000**	100,405
Repayment of bank and other borrowings	**(412,068)**	(768,986)
Interest paid for bank and other borrowings	**(155,106)**	(369,736)
Interest paid for bond payables	**–**	(42,900)
Interest paid for convertible bonds	**(19,708)**	(33,025)
Repayment of bond payables	**(32,991)**	(207,100)
Payment of lease liabilities	**(6,607)**	(10,454)
Advance from independent third parties	**1,344**	5,331
Repayment to independent third parties	**–**	(968)
Repayment to the 2019 Disposal Group	**(32,819)**	(573,697)
Net cash used in financing activities	**(647,955)**	(1,901,130)
Net (decrease)/increase in cash and cash equivalents	**(171,008)**	136,971
Cash and cash equivalents at beginning of the year	**226,746**	89,703
Bank balances of the remaining 5 entities out of the 7 Target Companies and the 2 Target Companies eliminated upon transfer to assets classified as held for sale	**(54)**	–
Effect of foreign exchange rate changes	**(8)**	72
Cash and cash equivalents at end of the year, represented by bank balances and cash	**55,676**	226,746

1. GENERAL AND BASIS OF PREPARATION

(a) General Information

Shunfeng International Clean Energy Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Portion C, 30/F. Bank of China Tower, 1 Garden Road, Central, Hong Kong, respectively. The Company and its subsidiaries (together with the Company hereinafter referred to as the "Group") are principally engaged in the business of providing clean energy and low-carbon energy-saving integrated solutions.

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

(b) Basis of preparation

The directors of the Company have given careful consideration to the going concern of the Group in light of the fact that the Group reported a loss of RMB745,613,000 for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities and a capital deficiency of RMB979,616,000 and RMB879,722,000 respectively.

As set out in Note 39, the Group's bank and other borrowings amounted to RMB1,596,234,000 were included as current liabilities as at 31 December 2021, out of which RMB853,117,000 were overdue and became immediately repayable as at 31 December 2021. The overdue amount increased to RMB885,547,000 as at the date of approval of these consolidated financial statements. As at 31 December 2021, bank and other borrowings of RMB473,413,000 did not meet certain loan covenants in the relevant borrowing agreements and became immediately repayable as of that date. On 20 May 2021, China Development Bank ("CDB") lodged a litigation against a subsidiary of the Company for an outstanding loan principal and relevant interest payable. The outstanding loan principal was RMB22,185,000 as at the date of approval of these consolidated financial statements.

Further, as set out in Note 41, the 2015 Corporate Bond (as defined below) and 2016 Corporate Bond (as defined below), including the outstanding principal of RMB329,909,000 and RMB255,463,000 as at 31 December 2021 respectively, have been overdue and became immediately repayable as of that date. In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interest immediately. Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of 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 New Energy"), 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) have been put under the freezing order. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

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1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

However, the Group maintained cash and cash equivalents of RMB55,676,000 as at 31 December 2021 only.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharges its liabilities in the normal course of business.

In 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 comprise, inter alia, (i) progressing the collection of the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies (as defined in Note 26(i)), Forced Sale of Nine Disposal Entities (as defined in Note 48(c)), the disposal of Yangyuan Juge (as defined in Note 48(d)) and the disposals of the 2 Target Companies (as defined in Note 26(ii)); (ii) completing the disposals of the remaining 5 entities out of the 7 Target Companies; (iii) proceeding the proposed disposals of the 4 Target Companies (as defined in Note 56); and (iv) continuing to negotiate with banks, financial institutions and bondholders for alternative refinancing and/or extension of due dates of the bank and other borrowings which had been overdue or breached certain loan covenants (collectively, the "Development Plan"). Details of the Development Plan are set out below:

Progress of the collection of the remaining sale proceed in respect of the disposals of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies and the progress of the proposed disposals of the 4 Target Companies

(i) Disposals of the 7 Target Companies

On 13 August 2021, the Group entered into seven sale and purchase agreements to dispose of the 7 Target Companies at a total consideration of RMB538 million. The disposal was approved by the shareholders of the Company on 13 December 2021. Among the disposals of the 7 Target Companies, only 2 entities had completed the registration of share transfer as at 31 December 2021. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, out of the remaining 5 entities, only 1 entity completed the registration of share transfer and partial amount of the consideration has been received by the Group.

Details of the disposals of the 7 Target Companies, including the settlement arrangement, are set out in Note 26(i). Management of the Company expects that remaining amount of the consideration will be received prior to April 2023.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Progress of the collection of the remaining sale proceeds in respect of the disposals of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies and the progress of the proposed disposals of the 4 Target Companies (Continued)

(ii) Forced Sale of Nine Disposal Entities

As detailed in Note 48(c), the Group will receive RMB429 million from the Forced Sale of Nine Disposal Entities. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, certain amounts of remaining consideration receivable as disclosed in Note 28 have been settled. Management of the Company expects that remaining amount of the consideration will be received prior to April 2023.

(iii) Disposal of Yangyuan Juge

On 29 December 2021, the Group completed the disposal of Yangyuan Juge at a total consideration of RMB19 million. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, RMB13 million out of the remaining consideration has been received.

(iv) Disposals of the 2 Target Companies

On 24 September 2021, the Group entered into two sale and purchase agreements to dispose of the 2 Target Companies at a total consideration of RMB415 million. The disposal was approved by the shareholders of the Company on 13 January 2022 and the registration for share transfer of the 2 Target Companies has been completed prior to February 2022. Subsequent to the end of the reporting period and up to the date of approval of these consolidated financial statements, partial amount of the consideration has been received by the Group.

Details of the disposals of the 2 Target Companies, including the settlement arrangement, are set out in Note 26(ii). Management of the Company expects that remaining amount of the consideration will be received prior to December 2022.

(v) Proposed disposals of the 4 Target Companies

On 30 December 2021, the Group entered into four sale and purchase agreements to dispose of the 4 Target Companies at a consideration of RMB890 million. Assuming the conditions precedent (as detailed in the Company's announcement dated 3 January 2022) had all be satisfied, the consideration of the proposed disposals of RMB890 million is expected to be received within twelve months upon completion of the disposal.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing

Currently, the Group is negotiating with banks, financial institutions and bondholders to seek for refinancing and/or extension of due dates of the relevant debts as follows:

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates

In respect of bank and other borrowings (Note 39)

(i) Sino Alliance Capital Ltd. ("Sino Alliance")

During the year ended 31 December 2021, total principal amount of HKD49,000,000 had been settled by cash by the Group.

On 23 December 2021, the Group entered into a framework agreement and relevant legal documents with Sino Alliance and Asia Pacific Resources, that the Group, Sino Alliance and Asia Pacific Resources agreed the partial principal amount of HKD490,000,000 and accrued interest of HKD243,000,000 due to Sino Alliance was settled by Asia Pacific Resources on behalf of the Group. Accordingly, the overdue principal had been reduced to HKD661,000,000 as at 31 December 2021.

Upon continuing negotiation and discussion between management of the Company and Sino Alliance, as of the date of approval of these consolidated financial statements, management of Sino Alliance has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by management of the Company.

(ii) True Bold Global Limited ("True Bold")

On 28 March 2022, the Group entered into a supplementary agreement with True Bold, that upon the completion of the proposed disposals of the 4 Target Companies, consideration of RMB183 million, out of the total consideration of RMB890 million will be pledged to True Bold as collateral.

Upon continuing negotiation and discussion between management of the Company and True Bold, as of the date of approval of these consolidated financial statements, management of True Bold has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by management of the Company.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates (Continued)

In respect of bank and other borrowings (Note 39) (Continued)

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

On 31 December 2020, another supplementary agreement was entered into between the Group and CMBC-HK to further extend the due dates of the outstanding principal of HKD780,000,000 (equivalent to RMB656,448,000) by instalments, including:

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

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

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

Interest shall be paid for a period of the lesser of (i) three months and (ii) the period of time remaining from the beginning of such interest period until the final maturity date. During the year ended 31 December 2021, principal balance of HKD309,400,000 (equivalent to RMB253,728,000) had been settled while no settlement of interest was made according to the agreement terms and therefore the principal balance of HKD470,600,000 (equivalent to RMB384,763,000) has become repayable on demand as a result of breach of loan covenants as at 31 December 2021. Management of the Company expects that the first instalment in 2022 payable amounting to HKD65,600,000 will be settled in the second quarter in 2022 upon the receipt of sale proceeds from the disposals. Upon continuing negotiation and discussion between management of the Company and CMBC-HK, as of the date of approval of these consolidated financial statements, management of CMBC-HK has been aware of the progress and details of the Development Plan. In addition, they are aware of the Company's proposed settlement plan of the remaining outstanding balances and also stand for the Development Plan proposed by management of the Company.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates (Continued)

In respect of bank and other borrowings (Note 39) (Continued)

(iv) Bondholders A of the Fourth CB

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

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

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

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

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

During the year ended 31 December 2021, no settlement was made according to the terms stated above and the principal balance of HKD175,000,000 (equivalent to RMB143,080,000) has become overdue as at 31 December 2021.

As of the date of approval of these consolidated financial statements, Bondholder A has been aware of that the Group will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group.

(v) Chongqing Future Investment Co., Ltd. ("Chongqing Future")

During the year ended 31 December 2021, the Group settled overdue principal and accrued interest, totalling amounted to RMB30,000,000 through Forced Sale of Nine Disposal Entities (as detailed in Note 48(c)). As at 31 December 2021, principal balance and accrued interest of RMB17,117,000 and RMB145,000 was overdue respectively. Subsequent to the end of the reporting period, the entire outstanding balance was settled through Forced Sale of Nine Disposal Entities.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates (Continued)

In respect of bank and other borrowings (Note 39) (Continued)

(vi) CDB

According to the loan agreement entered into between the Group and CDB, the Group shall settle the loan principal amounted to RMB22,185,000 by instalments up to November 2027, of which RMB1,425,000 and RMB1,425,000 should be repaid in May 2021 and November 2021 respectively. During the year ended 31 December 2021, no settlement was made according to the repayment term and entire balance of RMB22,185,000 has become repayable on demand as a result of breach of loan covenants as at 31 December 2021.

On 20 May 2021, CDB lodged a litigation against the Group which demanded the Group to repay the outstanding loan principal of RMB22,185,000 and relevant interest payable. Management of the Company expects to reach an extension agreement with CDB after assigning the trade receivables and accrued tariff subsidies of a subsidiary as security of the outstanding loan due to CDB. The Group is currently in the progress to negotiate with CDB on the extension agreement.

In respect of bond payables (Note 41)

(vii) 2015 Corporate Bond

The corporate bond issued by the Group on 10 November 2015 (the "2015 Corporate Bond") with an outstanding principal balance of RMB550,000,000 was matured on 9 November 2019. Total principal amount of RMB187,100,000 was settled during the year ended 31 December 2020.

During the year ended 31 December 2021, total principal amount of RMB32,991,000 has been settled to one bondholder of the 2015 Corporate Bond.

In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding principal amount of RMB329,909,000 and accrued bond interest of RMB61,562,000 immediately. Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries as described above have been put under the freezing order. As at 31 December 2021, the total principal amount of RMB329,909,000 and accrued bond interest of RMB68,548,000 were overdue. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates (Continued)

In respect of bond payables (Note 41) (Continued)

(vii) 2015 Corporate Bond (Continued)

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

(viii) 2016 Corporate Bond

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

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

As at 31 December 2021, the outstanding principal amount of RMB255,463,000 and accrued bond interest of RMB61,912,000 was overdue. Management of the Company expects the Group will repay the overdue principal and bond interest from the sale proceeds received from the disposals as described in the Development Plan. The bondholder of the 2016 Corporate Bond has been aware of the Company's proposed settlement plan of the remaining outstanding balances.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

Negotiation of extension of due dates of the relevant debts and/or alternative refinancing (Continued)

(a) Negotiating with banks, financial institutions and bondholders for renewal of the relevant debts and extension of the due dates (Continued)

Given that (i) the extension of loans obtained by the Group as at the end of the reporting period, and the possible extension of loans which the Group anticipated based on the current negotiation with creditors up to the date of approval of these consolidated financial statements, are mostly short-term, and (ii) the exact timing of the completion of disposals of the remaining 5 entities out of the 7 Target Companies and the proposed disposals of the 4 Target Companies, and the collection of remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies as described in the Development Plan are inherently uncertain, which may not occur in a way that enables the Group to honour its current repayment commitment/agreement in the short term, and the disposal timetable may be further delayed or may not occur as the Group has expected, the directors of the Company is of the view that the actual timing of collection of the relevant proceeds from the disposals as described in the Development Plan may not match with the Group's current agreements or settlement arrangements with its creditors. Therefore, the Group must use its best endeavour to renegotiate with its creditors on a continuous basis to further revise/extend the repayment timing beyond the period currently agreed by the Group's creditors, or to make payment in an amount which is less than that as expected by its creditors, in order to enable the Group to repay the loan in an orderly manner based on the collection of disposal proceeds in the next twelve months from the end of the reporting period. If the creditors do not agree with the settlement plan/further extension plan as planned by management of the Company, the Group will not have sufficient working capital for the next twelve months from the end of the reporting period.

Save as the above, management of the Company is still positive that upon partial repayment of the loan principal and/or outstanding interest by applying the proceeds to be received from the disposals as described in the Development Plan, a portion of the Group's overdue bank and other borrowings can be successfully renewed and/or extended in view of the Group's historical successful experiences in refinancing expiring debts. Management of the Company expects these overdue bank and other borrowings can be further extended to the extent and in accordance with the timetable of consideration received of the sale proceeds arising from the disposals as described in the Development Plan that the Group could have received;

(b) Negotiating with creditors not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants, which amounted to a total of RMB473,413,000 as at 31 December 2021. Management of the Company is confident that these creditors will not demand for immediate repayment based on its negotiations with these creditors; and

(c) As part of the Development plan, negotiating with banks, financial institutions and other counterparties to further delay the debt repayment of those bank and other borrowings which will become mature within twelve months after the end of the reporting period in order to enable the Group to have adequate working capital in the next twelve months.

1. GENERAL AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation (Continued)

The directors of the Company, after due and careful enquiry and after taking into account the Development Plan and the financial resources available to the Group, including cash and cash equivalents on hand, cash flows from operating activities and available facilities, and based on the assumptions that the above events will be materialised, are of the opinion that the Group will have sufficient working capital for its present operating requirements and for at least the next twelve months commencing from the date of approval of these consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its Development Plan as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful fulfilment of all the following conditions:

(i) collecting the remaining sale proceeds in respect of the disposals of the 2 entities out of the 7 Target Companies, Forced Sale of Nine Disposal Entities, the disposal of Yangyuan Juge and the disposals of the 2 Target Companies in accordance with the amount and timing expected by the Company;

(ii) completing the disposals of the remaining 5 entities out of the 7 Target Companies and the proposed disposals of the 4 Target Companies and collecting the sale proceeds in accordance with the amount and timing expected by the Company;

(iii) releasing the freezing order of Xinjiang Tianli, one of target companies under the proposed disposals of the 4 Target Companies, submitted by the two bondholders of the 2015 Corporate Bond in order to proceed the completion of the proposed disposals of the 4 Target Companies;

(iv) convincing its creditors (including bank and other borrowings and bond payables) to a) allow the Group to repay or partially repay the amounts due according to the Group's expected repayment time and amount, and b) allow the Group to further extend the repayment in accordance with the timetable of consideration received from the Group's disposals;

(v) convincing creditors to agree not to exercise their rights to demand for immediate payment in respect of the Group's bank and other borrowings that had breached certain loan covenants; and

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

Should the Group fail to achieve the above-mentioned Development Plan, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDED TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Amended IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied for the first time the following amended IFRSs issued by International Accounting Standards Board (the "IASB"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

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

The application of these amended IFRSs have no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amended IFRSs in issue but not yet effective

The following new and amended IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to IFRSs 2018-2020	Annual improvement project[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to IFRS 17	Insurance Contracts[3]
IFRS 17	Insurance Contracts[3]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.
5 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

The directors of the Company anticipate that the application of these new and amended to IFRSs will have no material impact on the Group's consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until sthe date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments*/IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non- controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and liabilities assumed as at acquisition date. If, after reassessment, the net amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit (or group of cash-generating units) may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

Changes in net assets of the associates/joint ventures other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal groups) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal groups) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 which continued to be measured in accordance with the accounting policies as set out in respective sections.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Variable consideration

For contracts that contain variable consideration (being the Tariff Subsidy on sales of electricity), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (including sales commissions and market expansion fee) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;

- any lease payments made at or before the commencement date, less any lease incentives received;

- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)
Lease liabilities (Continued)
After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications
The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)
Lease modifications (Continued)
When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes (other than construction in progress and freehold land) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold land is carried at cost less subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress and freehold land) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ownership interests in leasehold land and building (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Solar power plants

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

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

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

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment losses on property, plant and equipment, solar power plants, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, solar power plants, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, solar power plants, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash- generating unit) for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment, solar power plants, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than its functional currency (foreign currency) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme ("MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, and annual leave) after deducting any amount already paid.

Share-based payment arrangements

Share-based payment transactions of the acquiree in a business combination

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions on the acquisition date is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance is recognised as remuneration cost for post-combination service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries and associates, and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right- of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or financial liabilities, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

(i) the financial asset is held within a business model whose objective is to collect contractual cash flows; and

(ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

(iii) the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

(iv) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Receivables at FVTOCI

Subsequent changes in the carrying amounts for receivables at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables are recognised in other comprehensive income (the "OCI") and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these receivables. When these receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, receivables at FVTOCI, receivables included in other non-current assets and amounts due from the related parties, bank balances and restricted bank deposits), and other items (contract assets and financial guarantee contracts) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and amount due from a related party. The ECL on these assets are assessed individually for customers with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the weighted average of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, with the respective risks of a default occurring as the weights, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for receivables at FVTOCI, other receivables, receivables included in other non-current assets and amounts due from the related parties, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, contract assets and where the corresponding adjustment is recognised through a loss allowance account. For receivables at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these receivables. Such amounts represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of IFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, (ii) it is designated as at FVTPL or (iii) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to the related parties, bank and other borrowings, liability component of convertible bonds, and bond payables are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

The component parts of the convertible loan notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to accumulated deficits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in these consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

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

Notes 3 and 5 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgement by management of the Group in determining the timing of satisfaction of performance obligations.

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

For the sales of LED Products (as defined in Note 12), the directors of the Company have assessed that the Group has a present right to payment from the customers for the goods transferred at a point in time upon customers' acceptance of the deliverable units.

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

For tariff subsidies generated from those solar power plants which had been registered to the Reusable Energy Tariff Subsidy Catalogue（可再生能源電價附加資金補助目錄）(the "Catalogue"), the Group has obtained unconditional and present right to payment since the electricity generated and transmitted. On the other hand, for tariff subsidies generated from those solar power plants which had not been registered into Catalogue, since the Group has not obtained unconditional right to payment yet, the Group recognised accrued revenue on tariff subsidies with corresponding debit to contract assets, accordingly.

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(b) Revenue recognition on tariff subsidies on sales of electricity (Continued)

In August 2013, the National Development and Reform Commission of the PRC ("NDRC") released a Tariff Notice (the "Tariff Notice") to launch a new subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants (which is known as the ground solar plants). In particular, according to the Tariff Notice, (i) for the centralised solar plants, which obtained on-grid approval and commenced in generating electricity on or after 1 January 2014, the benchmark on-grid price was set at RMB0.9/KWh, RMB0.95/KWh and RMB1.0/KWh for the projects in energy zones I, II and III respectively which were categorised based on local solar energy resources and generating plant construction costs; and (ii) the new standards would apply to the power stations registered after 1 September 2013 and those registered before 1 September 2013 but which did not commence in generating electricity until 1 January 2014.

According to the Tariff Notice, for centralised solar power plants, which obtained on-grid approval and commenced in generating electricity prior to 31 December 2013, the prevailing on-grid tariff of RMB1.0/KWh still applied.

In December 2015, NDRC released another updated tariff notice (the "2015 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 1 January 2016 and those registered before 1 January 2016 but which did not commence in generating electricity until 30 June 2016 (the "New Solar Power Plants"). According to 2015 Tariff Notice, the benchmark on-grid price was set at RMB0.8/KWh, RMB0.88/KWh and RMB0.98/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In December 2016, NDRC released another updated tariff notice (the "2016 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 1 January 2017 and those registered before 1 January 2017 but which did not commence in generating electricity until 30 June 2017 (the "New Solar Power Plants"). According to 2016 Tariff Notice, the benchmark on-grid price was set at RMB0.65/KWh, RMB0.75/KWh and RMB0.85/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In December 2017, NDRC released another updated tariff notice (the "2017 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 1 January 2018 and those registered before 1 January 2018 but which did not commence in generating electricity until 30 June 2018 (the "New Solar Power Plants"). According to 2017 Tariff Notice, the benchmark on-grid price was set at RMB0.55/KWh, RMB0.65/KWh and RMB0.75/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(b) Revenue recognition on tariff subsidies on sales of electricity (Continued)

In April 2019, NDRC released another updated tariff notice (the "2019 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 30 June 2019 and those registered before 30 June 2019 but which did not commence in generating electricity until 30 June 2019 (the "New Solar Power Plants"). According to 2019 Tariff Notice, the benchmark on-grid price was set at RMB0.4/KWh, RMB0.45/KWh and RMB0.55/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In March 2020, NDRC released another updated tariff notice (the "2020 Tariff Notice") to renew the subsidising policy for distributed solar power plants and adjust benchmark on-grid price for electricity generated by centralised solar power plants registered after 31 May 2020 and those registered before 31 May 2020 but which did not commence in generating electricity until 31 May 2020 (the "New Solar Power Plants"). According to 2020 Tariff Notice, the benchmark on-grid price was set at RMB0.35/KWh, RMB0.40/KWh and RMB0.49/KWh for the New Solar Power Plants in energy zones I, II and III respectively.

In January 2020, the Ministry of Finance of the PRC released a notice that the Catalogue is replaced by National Reusable Energy Information Management Platform (國家可再生能源信息管理平台) ("the Platform"). Pursuant to the Tariff Notice issued by NDRC, approvals for the registration in the Platform on a project by-project basis are required for the settlement of the tariff subsidy. On 20 January 2020, the Ministry of Finance, the NDRC and the National Energy Administration (the "NEA") jointly issued the Administrative Measures on the additional subsidies on Renewable Energy Electricity Prices (可再生能源電價附加資金管理辦法) (the "2020 Administrative Measures") which was effective on 20 January 2020. It sets out additional measures on providing the subsidies to renewable energy projects. Particularly:

(1) for the renewable energy generation projects launched before the issue of the 2020 Administrative Measures, such projects would be included in the list of subsidised projects after approval by the power grid enterprises;

(2) for the renewable energy generation projects launched after the issue of the 2020 Administrative Measures, the Ministry of Finance shall determine the amount of subsidies based on the amount of the renewable energy development fund, the technological advancement and the industry development; and

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(b) Revenue recognition on tariff subsidies on sales of electricity (Continued)

(3) the criteria under which the renewable energy generation projects would be included in the list of subsidised projects includes the following: (i) newly launched projects are required to be counted towards the total renewable energy generation subsidy for the year in which the projects are launched. Existing projects are required to meet the requirements of the NEA, and be included in the annual construction scale management according to the scale management needs; (ii) examination, approval or filing has been completed in accordance with relevant national regulations; compliance with the national renewable energy price policy, and the on-grid electricity price has been reviewed and approved by the pricing authority; (iii) the timetable for grid connection of all the units meets the subsidy requirement; and (iv) relevant examination, approval, filing and grid connection requirements have been reviewed and approved by the national renewable energy information management platform.

Pursuant to the Tariff Notice, a set of standardised procedures for the settlement of the tariff subsidies have come into force since 2013 and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, the state grid companies upon receipt of funds would then make settlement to the Group. Registrations to the Catalogue is an ongoing process and the Catalogue is opened for registrations on a batch by batch basis. For the year ended 31 December 2021, revenue on tariff subsidies on electricity sales of RMB472,003,000 from the state grid companies in the PRC has been recognised (2020: revenue on tariff subsidies on electricity sales of RMB659,632,000 from the state grid companies in the PRC had been recognised in which tariff subsidies amounting RMB76,053,000 relating to certain of the on-grid solar power plants of the Group were still pending for registration to the Catalogue).

In making their judgement, the directors of the Company, taking into account the legal opinion as advised by the Group's external legal advisor and the fact that all previous registrations of the group entities operating the solar power plants to the Catalogue were successfully completed with reference to the requirements and conditions for the registration in the Catalogue, considered that all of the Group's solar power plants currently in operation had met the requirements and conditions as stipulated in the Tariff Notice for the entitlement of the tariff subsidies when the electricity was delivered on grid.

During the year ended 31 December 2020, in the opinion of the directors of the Company, the recognition of accrued revenue on tariff subsidies was proper based on their judgement and by reference to those previous successful registrations of the Group's operating solar power plants to the Catalogue, as well as taking into account the opinion from the Group's external legal advisor, that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Catalogue. The directors of the Company were confident that all of the Group's operating power plants were able to be registered in the Catalogue in due course and the accrued revenue on tariff subsidies were fully recoverable but only subject to timing of allocation of funds from the government, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidies were fully funded by the PRC government.

As at 31 December 2021, all of the Group's operating solar power plants were registered into the Catalogue (2020: 3 operating solar power plants had not been registered into the Catalogue).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(c) Revenue recognition on certain tariff subsidies with variable consideration

For tariff subsidies generated from those solar power plants which had not been registered into the Catalogue, the relevant revenue from these tariff subsidies were considered to contain variable consideration, and was recognised only to the extent that it is highly probable that a significant reversal will not occur.

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

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

(e) Incomplete transaction on the 2015 Proposed disposal of Jiangsu Changshun and Nine Disposal Entities

On 16 December 2015, the wholly-owned subsidiaries of the Company, including Jiangxi Shunfeng Photovoltaic Investment Co. Ltd. ("Jiangxi Shunfeng"), Shanghai Shunneng Investment Co., Ltd. ("Shanghai Shunneng"), Jiangsu Changshun Xinhe New Energy Co., Ltd. ("Jiangsu Changshun") and Chongqing Future Investment Co., Ltd. ("Chongqing Future"), an independent third party, entered into a sale and purchase agreement, pursuant to which the Group agreed to dispose of its entire equity interest in Jiangsu Changshun and nine subsidiaries (the "Nine Disposal Entities"), which were engaged in the construction, development and operation of different photovoltaic projects and power plants in different provinces in the PRC, to Chongqing Future for a total cash consideration of RMB1,199,600,000 to be settled in three instalments and subject to certain conditions precedent and price adjustment mechanism (the "2015 Proposed Disposal").

As part of the transaction, the Group also entered into a management contract with Chongqing Future ("Management Contract"), pursuant to which management team of the Nine Disposal Entities, which continued to be appointed by the Group for a period of four years from 2016 to 2019, was responsible for management and operation of the nine solar power plant projects held by the Nine Disposal Entities, (including all the decisions of their relevant activities), and the Group in return would receive a fixed amount of management fee and entitled to certain variable amount of return, determined based on the performance of the Nine Disposal Entities. In the opinion of the directors, the Group was still able to control the Nine Disposal Entities. In addition, the 2015 Proposed Disposal was also subject to the fulfilment of certain conditions precedent (including to obtain necessary permits related to the development of the solar power plants, consents and approvals from the relevant government authorities) prior to the payment due date of the second instalment of the cash consideration on 30 September 2016, the 2015 Proposed Disposal was considered as incomplete as at 31 December 2015.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(e) Incomplete transaction on the 2015 Proposed disposal of Jiangsu Changshun and Nine Disposal Entities (Continued)

On 18 December 2015, the Group transferred the entire equity interest of Jiangsu Changshun and the Nine Disposal Entities to Chongqing Future. However, pursuant to the sales and purchase agreement, the Group was required to obtain necessary permits related to the development of the solar power plants, consents and approvals from the relevant government authorities in respect of the solar power plant development projects held by the Nine Disposal Entities. In addition, if a fellow subsidiary of Chongqing Future fails to obtain the consent of the relevant government authorities in respect of the 2015 Proposed Disposal and/or raise relevant funds for Chongqing Future to pay outstanding consideration to the Group by 30 September 2016, Chongqing Future would have the option to choose not to pay the second instalment of the cash consideration in the amount of RMB499,600,000, the sale and purchase agreement could be cancelled by either the Group or Chongqing Future and the legal ownership in respect of the equity interests of Jiangsu Changshun and the Nine Disposal Entities will be returned to the Group and the Group's received first instalment of RMB650,000,000 would be refunded to Chongqing Future plus interest carried at People's Bank of China ("PBOC") rate in accordance with the sale and purchase agreement.

In the opinion of the directors, the directors considered that the eventual completion of the 2015 Proposed Disposal was subject to the fulfilment of certain conditions precedent prior to the payment due date of the second instalment of the cash consideration on 30 September 2016, the 2015 Proposed Disposal was considered as incomplete as at 31 December 2015. In addition, the directors considered that the Group was able to exercise control over Jiangsu Changshun and the Nine Disposal Entities as at 31 December 2015 due to the Management Contract (as defined and detailed in Note 32(iii) to the consolidated financial statements in the annual report of 2017) entered into between the Group and Chongqing Future, hence, the carrying amounts of net assets of Jiangsu Changshun and the Nine Disposal Entities were consolidated to the Group. However, since the Group has already transferred the legal ownership in respect of the entire equity interests of Jiangsu Changshun and the Nine Disposal Entities to Chongqing Future on 18 December 2015, in the opinion of the directors, the Group's entire interests in them should be accounted for as non-controlling interests since then and will be subject to re-assessment upon progress of the development of the above-mentioned proposed transactions.

As at 31 December 2015, the Group received cash consideration of RMB650,000,000 from Chongqing Future, which was accounted for as consideration received in advance and included in other payables, accordingly.

On 21 June 2016, an agreement to terminate the 2015 Proposed Disposal (the "Termination Agreement") was entered into with immediate effect, as certain conditions precedent were expected not to be fulfilled on or before 30 June 2016. Pursuant to the Termination Agreement, the Group should return the consideration received in advance of RMB650,000,000 together with the interest calculated at 9% per annum from 21 December 2015 within one year after execution of the Termination Agreement. The legal ownership in respect of the 100% entire equity interest of Jiangsu Changshun and the Nine Disposal Entities would be transferred back to the Group after the return of the entire amount of RMB650,000,000 together with the relevant interest by the Group to Chongqing Future, and the repayment of the borrowings of RMB500,000,000 together with the relevant interest by the Group to Chongqing Trust (as defined in Note 32(iii) to the consolidated financial statements in the annual report of 2017).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Critical judgements in applying accounting policies (Continued)

(e) Incomplete transaction on the 2015 Proposed disposal of Jiangsu Changshun and Nine Disposal Entities (Continued)

Details of the developments of the consideration received in advance from Chongqing Future and the borrowings from Chongqing Trust were set out in Note 32(iii) to the consolidated financial statements in the annual report of 2017.

Such borrowings from Chongqing Future and Chongqing Trust, of which due date had been extended in the prior years, were both matured on 29 September 2020. The Group's outstanding principal balances of RMB33,484,000 and RMB666,000,000 due to Chongqing Future and Chongqing Trust respectively were overdue as at 31 December 2020.

As at 31 December 2020, the legal ownership in respect of the entire equity interest of Jiangsu Changshun had not yet been transferred back to the Group, and the Group's entire interests in Jiangsu Changshun and the Nine Disposal Entities were continued to be accounted for as non-controlling interests and the related profit for the year amounting to RMB52,920,000 had been transferred from accumulated deficits to non-controlling interests as at 31 December 2020.

Upon the Forced Sale of Nine Disposal Entities in December 2021 as detailed in Note 48(c), the accumulated non-controlling interests of RMB1,347,575,000 had been transferred to accumulated deficits.

(f) The remaining 5 entities out of the 7 Target Companies and the 2 Target Companies classified as held for sale

As set out in Note 26(i), on 13 August 2021, the Group entered into seven sale and purchase agreements with an independent third party to dispose of each of the equity interest of the 7 Target Companies, which owns and operates solar power plants in the PRC. The transaction was approved by the shareholders of the Company on 13 December 2021. Among the disposals of the 7 Target Companies, only 2 entities had completed the registration of share transfer as at 31 December 2021.

As set out in Note 26(ii), on 24 September 2021, the Group entered into two sale and purchase agreements with an independent third party to dispose of each of the equity interest of the 2 Target Companies, which owns and operates solar power plants in the PRC. The transaction was subsequently approved by the shareholders of the Company on 13 January 2022.

Management assessed that each of the remaining 5 entities out of the 7 Target Companies and the 2 Target Companies are available for immediate sale in its present condition and the sale is expected to be highly probable and would be completed within twelve months after the end of the reporting period.

As at 31 December 2021, aggregate assets and liabilities relating to the remaining 5 entities out of the 7 Target Companies and the 2 Target Companies amounting to RMB2,473,320,000 and RMB1,581,198,000 had been classified as held for sale and presented as current assets and current liabilities, respectively.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty

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

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

Property, plant and equipment, right-of-use assets and solar power plants are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount or, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2021, the carrying amounts of property, plant and equipment, right-of-use assets and solar power plants were RMB27,966,000 (net of impairment of RMB23,135,000), RMB41,703,000 (net of impairment of RMB2,631,000) and RMB1,202,669,000 (net of impairment of RMB129,555,000), respectively.

As at 31 December 2020, the carrying amounts of property, plant and equipment, right-of-use assets and solar power plants were RMB257,989,000 (net of impairment of RMB189,704,000), RMB155,315,000 (no impairment) and RMB4,650,831,000 (net of impairment of RMB519,843,000), respectively.

During the year ended 31 December 2021, impairment loss of RMB23,135,000, RMB2,631,000 and RMB129,555,000 was recognised for property, plant and equipment, right-of-use assets and solar power plants respectively (2020: RMB79,109,000 was recognised for solar power plants). Details of the impairment of property, plant and equipment, right-of-use assets and solar power plants are disclosed in Notes 17, 18 and 19, respectively.

(b) ECL for trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties

ECL in relation to trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties is calculated by management of the Company, and is assessed individually for the customers/debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

The assessment of ECL is based on historical observed default rates and adjusted by forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(b) ECL for trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties (Continued)

During the year ended 31 December 2021, loss allowance of RMB27,317,000 was recognised in continuing operation (2020: reversal of loss allowance of RMB35,367,000, represented) for trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables, contract assets, receivables included in other non-current assets and amounts due from the related parties are disclosed in Notes 28, 25, 24, 32 and 49 respectively.

(c) Write-down of inventories

Inventories are valued at the lower of cost and net realisable value. Also, the Group regularly inspects and reviews its inventories to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount or are slow-moving or obsolete, the Group would write down inventories in that period. As at 31 December 2020, the carrying amount of the Group's inventories was RMB83,092,000 (net of allowance for inventories of RMB48,798,000). During the year ended 31 December 2021, reversal of allowance for inventories of RMB11,001,000 was recognised in discontinued operation (2020: allowance for inventories of RMB4,156,000).

(d) Impairment of prepayments to suppliers

The Group makes prepayments and deposits to suppliers in accordance with the purchase contracts entered into with the suppliers. These prepayments are to be offset against future purchases from suppliers.

The Group does not require collateral or other security against its prepayments to suppliers. The Group performs ongoing evaluation of impairment of prepayments to suppliers due to a change of market conditions and the financial conditions of its suppliers. The evaluation also takes into account the quality and timeframe of the products to be delivered to the Group. When the prepayments would not be recovered as expected and the credit quality of the suppliers changed, the Group would impair the prepayments to suppliers.

As at 31 December 2021, the carrying amount of prepayments to suppliers was RMB3,998,000 (2020: RMB33,232,000).

(e) Useful lives and residual values of property, plant and equipment and solar power plants

The directors of the Company determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment and solar power plants. These estimates are based on the historical experience of the actual residual values and useful lives of property, plant and equipment and solar power plants of similar nature and functions. As at 31 December 2021, the total carrying amounts of the Group's property, plant and equipment and solar power plants were RMB1,230,635,000 (2020: RMB4,908,820,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(ii) Key sources of estimation uncertainty (Continued)

(f) Income taxes

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax liabilities in the period in which such determination is made.

Certain subsidiaries of the Group were each entitled to a preferential enterprise income tax rate for a specified period subject to certain conditions. Management of the Company generally applies the applicable preferential tax rate to calculate current income tax (Note 14) on the assumption that the subsidiaries will meet the conditions and qualify for the preferential treatment. The consequence of any failure to meet the conditions and any change in the applicable tax rate is adjusted in the year in which the information becomes known.

(g) Fair value measurements and valuation processes

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

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

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

5. REVENUE

Disaggregation of revenue

A. Disaggregation of revenue from contracts with customers

Revenue from sales of electricity	2021 RMB'000	2020 RMB'000 (Re-presented)
Types of goods or service		
Sales of electricity	**178,183**	244,790
Tariff subsidies	**472,003**	659,632
Total	**650,186**	904,422
Geographical market		
Mainland China	**650,186**	904,422
Timing of revenue recognition		
A point in time	**650,186**	904,422

B. Performance obligations for contracts with customers

Sales of electricity

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

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

Tariff subsidies

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

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

6. SEGMENT INFORMATION

Information has been reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. During the year ended 31 December 2021, manufacturing and sales of LED Products (as defined in Note 12) were presented as discontinued operation, details of which were set out in Note 12. The Group's reportable and operating segments in respect of continuing operation for both years is solar power generation in the PRC only.

Segment revenue and results

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

Continuing operation

	2021 RMB'000	2020 RMB'000 (Re-presented)
Segment revenue		
External sales	178,183	244,790
Tariff subsidies	472,003	659,632
	650,186	904,422
Segment (loss)/profit	(218,745)	235,197
Unallocated income		
– Bank interest income	572	535
Unallocated expenses		
– Central administration costs	(27,676)	(39,027)
– Finance costs	(592,903)	(777,078)
Loss allowance recognised on financial guarantee contract for a joint venture	(15,640)	(13,746)
Loss allowance recognised on amounts due from the related parties	(5,320)	(2,527)
Loss allowance (recognised)/reversed on other receivables	(9,270)	1,352
Share of profits of associates	2,345	1,629
Loss before tax	(866,637)	(593,665)

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Continuing operation (Continued)

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

	2021 RMB'000	2020 RMB'000 (Re-presented)
Impairment loss on assets classified as held for sale	**(102,828)**	–
Impairment loss on property, plant and equipment	**(23,135)**	–
Impairment loss on right-of-use assets	**(2,631)**	–
Impairment loss on solar power plants	**(129,555)**	(79,109)
Loss allowance reversed/(recognised) on financial guarantee contract for an independent party	**9,000**	(9,000)
Loss allowance (recognised)/reversed on trade and other receivables, contract assets and other non-current assets, net	**(12,727)**	36,542

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

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2021 **RMB'000**	2020 RMB'000 (Re-presented)
Continuing operation		
Segment assets	**5,053,031**	7,214,148
Assets relating to discontinued operation (Note)	**–**	556,518
Other unallocated assets	**1,699,507**	1,937,804
Consolidated assets	**6,752,538**	9,708,470
Continuing operation		
Segment liabilities	**4,049,937**	6,416,497
Liabilities relating to discontinued operation (Note)	**–**	198,656
Other unallocated liabilities	**3,582,323**	3,010,266
Consolidated liabilities	**7,632,260**	9,625,419

Note:

The comparative figures have been re-presented to represent the manufacturing and sale of LED products held by the Lattice Power Group (as defined in Note 12) as discontinued operation.

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

- All assets are allocated to operating segments other than bank balances and cash, restricted bank deposits, financial assets at FVTPL, interests in associates and amounts due from the related parties; and

- All liabilities are allocated to operating segments other than lease liabilities, liability component of the Group's convertible bonds, financial guarantee provision for a joint venture, amounts due to the related parties, loan from a related company and bonds payable liable for centralised financing of the Group.

6. SEGMENT INFORMATION (Continued)

Entity-wide disclosures

The following table sets forth a breakdown of the Group's revenue from continuing operation for the years ended 31 December 2021 and 2020:

	2021 RMB'000	2020 RMB'000 (Re-presented)
Sales of electricity	**178,183**	244,790
Tariff subsidies (Note)	**472,003**	659,632
Total	**650,186**	904,422

Note:

The amount represents the tariff subsidies which were approximately 37% to 83% (2020: 37% to 91%) of the total electricity sales, 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 continuing operation 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	
	2021 RMB'000	2020 RMB'000 (Re-presented)	2021 RMB'000	2020 RMB'000
Continuing operation				
Mainland China	**650,186**	904,422	**1,519,917**	5,817,255

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

6. SEGMENT INFORMATION (Continued)

Information about major customers

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

	2021 RMB'000	2020 RMB'000 (Re-presented)
Company A[1]	**112,004**	148,905
Company B[1]	**103,114**	141,401
Company C[1]	**N/A[2]**	135,457
Company D[1]	**97,465**	94,631

1 Revenue from sales of electricity and tariff subsidies.

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

7. OTHER INCOME

	2021 RMB'000	2020 RMB'000 (Re-presented)
Continuing operation		
Bank interest income	**572**	535
Compensation income	**–**	5,932
Government grants (Note (i))	**300**	300
Gain on sales of raw and other materials	**126**	1,738
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (Note (ii))	**17,460**	23,645
Contingent tariff subsidies received (Note 47)	**16,614**	10,161
Others	**1,870**	2,900
	36,942	45,211

Notes:

(i) The government grants represent the amount received from the local government for supporting the development of the energy industry in Zhangjiakou City, Hebei Province, the PRC. There are no unfulfilled and other contingencies attaching to these grants.

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

8. OTHER GAINS AND LOSSES, NET

	2021 RMB'000	2020 RMB'000 (Re-presented)
Continuing operation		
Gain on disposal of property, plant and equipment	**628**	588
Impairment loss on assets classified as held for sale (Note 26)	**(102,828)**	–
Impairment loss on property, plant and equipment (Note (i))	**(23,135)**	–
Impairment loss on right-of-use assets (Note (i))	**(2,631)**	–
Impairment loss on solar power plants (Note (i))	**(129,555)**	(79,109)
Loss on disposal of subsidiaries (Notes 48(b), (d),(e) and (f))	**(47,884)**	(252,635)
Loss on Forced Sale of Nine Disposal Entities (Note 48(c))	**(223,938)**	–
Loss on deemed disposal of a subsidiary (Note 48(g))	**–**	(79,054)
Penalty (Note (ii))	**(14,833)**	–
Waiver of EPC payables (Note (iii))	**–**	123,053
Waiver of default interest payables (Note (iv))	**28,072**	–
Written off of prepayments to suppliers	**–**	(2,271)
Net foreign exchange gain	**56,614**	85,914
Others	**(8,396)**	(5,370)
	(467,886)	(208,884)

Notes:

(i) During the year ended 31 December 2021, due to the adverse change of market conditions, in the opinion of the directors of the Company, the recoverable amounts of the property, plant and equipment, right-of-use assets and solar power plants were estimated to be less than their carrying amounts, and the carrying amounts of the relevant property, plant and equipment, right-of-use assets and solar power plants were reduced to the extent of their recoverable amounts, with an impairment loss of RMB23,135,000 (2020: Nil) (Note 17), RMB2,631,000 (2020: Nil) (Note 18) and RMB129,555,000 (2020: RMB79,109,000) (Note 19) respectively.

(ii) During the year ended 31 December 2021, it represented the penalty in relation to the late settlement of the land use tax in the PRC.

(iii) During the year ended 31 December 2020, the Group reached a settlement agreement with an EPC creditor to waive its outstanding EPC payables.

(iv) During the year ended 31 December 2021, Chongqing Future and Chongqing Trust agreed to waive the default interest payables amounting to RMB25,290,000 and one of the bondholder of the 2015 Corporate Bond agreed to to waive the default interest payables amounting to RMB2,782,000.

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

	2021 RMB'000	2020 RMB'000 (Re-presented)
Continuing operation		
Loss allowances recognised/(reversed) on:		
Trade receivables – goods and services	**1,290**	1,223
Contract assets	**(49)**	169
Other receivables	**19,934**	(39,286)
Amounts due from the related parties and a non-controlling shareholder	**5,320**	2,527
Other non-current assets	**822**	–
Financial guarantee contracts, net (Note 38(a))	**6,640**	22,746
	33,957	(12,621)

Details of loss allowance for the years ended 31 December 2021 and 2020 are set out in Note 49.

10. FINANCE COSTS

	2021 RMB'000	2020 RMB'000 (Re-presented)
Continuing operation		
Interest on bank and other borrowings	**478,717**	652,490
Interest on loan from a related company (Note 53)	**1,121**	–
Interest on lease liabilities	**1,345**	1,383
Finance charges on discounting of bills receivables	**–**	39
Effective interest on convertible bonds	**65,278**	60,902
Effective interest on bond payables	**46,618**	62,454
Total finance costs	**593,079**	777,268
Less: amounts capitalised	**(176)**	(190)
	592,903	777,078

Finance costs capitalised during the current year arose from the general borrowing pool and are calculated by applying a capitalisation rate of 4.90% (2020: 4.90%) per annum to expenditure on qualifying assets.

11. LOSS BEFORE TAX

Continuing operation

	2021 RMB'000	2020 RMB'000 (Re-presented)
Loss before tax has been arrived at after charging:		
Directors' emoluments (Note 13(a))	**6,949**	13,183
Staff costs	**24,038**	27,296
Contributions to defined contribution retirement plans	**3,299**	1,065
Total staff costs	**34,286**	41,544
Impairment loss on assets classified as held for sale	**102,828**	–
Impairment loss on property, plant and equipment	**23,135**	–
Impairment loss on right-of-use assets	**2,631**	–
Impairment loss on solar power plants	**129,555**	79,109
Auditor's remuneration		
– audit services	**3,000**	3,500
– non-audit services	**2,522**	500
Depreciation of property, plant and equipment	**904**	665
Depreciation of completed solar power plants	**278,432**	362,182
Depreciation of right-of-use assets	**9,578**	9,452
Amortisation of intangible assets	**18,230**	490

12. DISCONTINUED OPERATION

On 31 December 2020, Lattice Power Corporation, an indirect non wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Nanchang Guanggu Group Limited#(南昌光穀集團有限公司)("Nanchang Guanggu") pursuant to which Lattice Power Corporation had conditionally agreed to sell, and Nanchang Guanggu had conditionally agreed to purchase 100% of the equity interest in Lattice Power (Jiangxi) Co., Ltd#(晶能光電(江西)有限公司)and its subsidiaries (collectively referred to as the "Lattice Power (Jiangxi) Group") at an aggregate consideration of RMB670 million. The transaction was approved by the shareholders of the Company on 13 July 2021 and completed on 15 September 2021.

On 2 December 2021, Shunfeng Global Enterprise Limited ("Shunfeng Global"), a wholly-owned subsidiary of the Company, entered into a share repurchase agreement with Lattice Power Corporation, pursuant to which Shunfeng Global agreed to dispose of and Lattice Power Corporation agreed to re-purchase Shunfeng Global's 58.3% equity interest in Lattice Power Corporation at an aggregate consideration of RMB360 million. The transaction was completed on 24 December 2021.

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

The respective profit for the years ended 31 December 2021 and 2020 from Lattice Power Group is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been re-presented as the discontinued operation.

English name is for identification purpose only

12. DISCONTINUED OPERATION (Continued)

Manufacturing and sales of LED Products	2021 RMB'000	2020 RMB'000
Revenue	**439,591**	561,898
Cost of sales	**(260,499)**	(321,707)
Gross profit	**179,092**	240,191
Other income	**60,008**	49,749
Other gains and losses, net	**253**	(15,319)
Impairment losses under expected credit loss model, net of reversal	**(11,090)**	(17,138)
Distribution and selling expenses	**(7,147)**	(11,143)
Administrative expenses	**(21,735)**	(64,488)
Research and development expenditure	**(33,691)**	(71,955)
Finance costs	**(1,742)**	(4,716)
Profit before tax	**163,948**	105,181
Income tax expense	**(6,553)**	(2,855)
Profit for the year	**157,395**	102,326
Loss on disposal of discontinued operation (Note 48(a))	**(30,539)**	–
Profit for the year from discontinued operation	**126,856**	102,326

12. DISCONTINUED OPERATION (Continued)

Profit for the year from discontinued operation includes the following:

Manufacturing and sales of LED Products	2021 RMB'000	2020 RMB'000
Profit before tax has been arrived at after charging/(crediting):		
Staff costs	**30,265**	84,586
Contributions to defined contribution retirement plans	**2,436**	291
Total staff costs	**32,701**	84,877
Capitalised in inventories	**(1,977)**	(8,320)
	30,724	(76,557)
Cost of inventories recognised as expense (Note)	**260,499**	321,707
Depreciation of property, plant and equipment	**16,762**	29,377
Depreciation of right-of-use assets	**863**	1,376
Amortisation of intangible assets	**11**	4

Note: Cost of inventories recognised as expense included staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above. During the year ended 31 December 2021, amounts also included the reversal of allowance for inventories of RMB11,001,000 (2020: allowance for inventories of RMB4,156,000).

Cash flows from discontinued operation:

	2021 RMB'000	2020 RMB'000
Net cash inflows from operating activities	**179,528**	239,817
Net cash inflows/(outflows) from investing activities	**181,971**	(12,645)
Net cash outflows from financing activities	**(446,542)**	(114,833)
Net cash (outflows)/inflows	**(85,043)**	112,339

The carrying amounts of the assets and liabilities of Lattice Power Group at the date of disposal are disclosed in Note 48(a).

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2020: 7) directors of the Company were as follow:

		Other emoluments			
	Fees RMB'000	Basic salaries and allowances RMB'000	Contributions to defined contribution retirement plans RMB'000	Performance related bonuses RMB'000 (Note)	Total RMB'000
For the year ended 31 December 2021					
Executive directors: (Note (a))					
Mr. Zhang Fubo	**-**	**1,660**	**15**	**-**	**1,675**
Mr. Wang Yu	**-**	**1,660**	**15**	**-**	**1,675**
Mr. Lu Bin	**-**	**1,660**	**15**	**-**	**1,675**
Mr. Chen Shi	**-**	**1,245**	**15**	**-**	**1,260**
Independent non-executive directors: (Note (b))					
Mr. Tao Wenquan	**166**	**-**	**-**	**-**	**166**
Mr. Zhao Yuwen	**166**	**-**	**-**	**-**	**166**
Mr. Kwong Wai Sun Wilson	**332**	**-**	**-**	**-**	**332**
	664	**6,225**	**60**	**-**	**6,949**
For the year ended 31 December 2020					
Executive directors: (Note (a))					
Mr. Zhang Fubo	–	1,779	16	1,912	3,707
Mr. Wang Yu	–	1,779	16	1,912	3,707
Mr. Lu Bin	–	1,779	16	1,912	3,707
Mr. Chen Shi	–	1,334	16	–	1,350
Independent non-executive directors: (Note (b))					
Mr. Tao Wenquan	178	–	–	–	178
Mr. Zhao Yuwen	178	–	–	–	178
Mr. Kwong Wai Sun Wilson	356	–	–	–	356
	712	6,671	64	5,736	13,183

Note: The performance related bonus was determined having regard to the performance of individuals and market trend.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Neither the chief executive officer nor any of the directors waived any emoluments received, compensation for the loss of office and inducement to join or upon joining the Group during the years ended 31 December 2021 and 2020.

(a) The executive directors' emoluments shown above were paid for their services in connection with management of the affairs of the Company and the Group.

(b) The independent non-executive directors' emoluments shown above were paid for the services as directors of the Company.

(b) Employees' emoluments

The five highest paid individuals of the Group included three (2020: four) directors of the Company during the year ended 31 December 2021. Details of whose emoluments are set out above. The emoluments of the remaining two (2020: one) individuals during the year ended 31 December 2021 were as follows:

	2021 **RMB'000**	2020 RMB'000
Employee		
– basic salaries and allowances	**2,466**	1,668
– performance-related bonuses	**–**	660
– retirement benefit scheme contributions	**121**	161
	2,587	2,489

Their emoluments of the five highest paid individuals (including directors of the Company) were within the following bands:

	2021	2020
HKD1,500,001 to HKD2,000,000	**2**	1
HKD2,000,001 to HKD2,500,000	**3**	–
HKD2,500,001 to HKD3,000,000	**–**	1
HKD3,000,001 to HKD4,000,000	**–**	–
HKD4,000,001 to HKD5,000,000	**–**	3

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. INCOME TAX EXPENSE

Continuing operation

	2021 RMB'000	2020 RMB'000 (Re-presented)
PRC Enterprise Income Tax ("EIT"):		
Current year	6,229	10,226
(Over)/under provision in prior years	(397)	57
Income tax expense	5,832	10,283

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 the both years.

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

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

The income tax expense for the year is reconciled to loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

Continuing operation	2021 RMB'000	2020 RMB'000 (Re-presented)
Loss before tax	(866,637)	(593,665)
Tax credit at the PRC tax rate of 25% (2020: 25%)	(216,659)	(148,416)
Tax effect of share of profits of associates	(586)	(407)
Tax effect of expenses not deductible for tax purpose	65,167	104,220
Tax effect of income not taxable for tax purpose	(31,413)	(114,972)
Tax effect of deductible temporary differences not recognised	122,192	119,655
(Over)/under provision in prior years	(397)	57
Effect of tax losses not recognised	65,675	58,630
Utilisation of temporary differences or tax losses previously not recognised	(2,264)	(3,640)
Tax effect of concessions granted to PRC subsidiaries	(520)	(3,729)
Effect of different tax rates of subsidiaries operating in other jurisdictions	4,637	(1,115)
Income tax expense for the year	5,832	10,283

15. LOSS PER SHARE – BASIC AND DILUTED

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

	2021 RMB'000	2020 RMB'000 (Re-presented)
From continuing operation		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(799,665)**	(552,281)
Less: Profit for the year from discontinued operation attributable to owners of the Company	**(67,401)**	(51,667)
Loss for the year attributable to owners of the Company from continuing operation for the purposes of basic loss per share	**(867,066)**	(603,948)
Effective of dilutive potential ordinary shares: – convertible bonds (Note)	**–**	–
Loss for the purposes of diluted loss per share	**(867,066)**	(603,948)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,982,375,490**	4,982,375,490
Effect of dilutive potential ordinary shares: – convertible bonds (Note)	**–**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**4,982,375,490**	4,982,375,490

15. LOSS PER SHARE – BASIC AND DILUTED (Continued)

	2021 RMB'000	2020 RMB'000 (Re-presented)
From continuing and discontinued operations		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	(799,665)	(552,281)
Effect of dilutive potential ordinary shares:		
– convertible bonds (Note)	–	–
Loss for the purposes of diluted loss per share	(799,665)	(552,281)

Note:

The computation of diluted loss per share for both years does not assume the conversion of convertible bonds, because this would result in a decrease in loss per share.

From discontinued operation

For the year ended 31 December 2021, basic and diluted earnings per share for the discontinued operation was RMB1.35 cents per share (2020: RMB1.04 cents per share), based on the profit for the year from discontinued operation attributable to owners of the Company of RMB67,401,000 (2020:RMB51,667,000) and the denominators detailed above for both basic and diluted loss per share.

16. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period for 2021 and 2020.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2020	72,543	374,688	9,834	36,323	39,614	533,002
Additions	–	9,948	–	933	25,890	36,771
Acquisition of assets (Note 47)	–	–	–	–	42,794	42,794
Transfers	–	41,992	359	52	(42,403)	–
Disposal/Written off	–	(29,732)	(412)	(96)	–	(30,240)
Disposal of subsiairies (Notes 48(e) and (f))	–	–	(1,258)	(168)	–	(1,426)
Deemed disposal of a subsidiary (Note 48(g))	–	–	(141)	(403)	–	(544)
Exchange adjustment	–	–	–	46	–	46
At 31 December 2020	72,543	396,896	8,382	36,687	65,895	580,403
Additions	–	14,905	101	4,000	32,755	51,761
Transfers	–	34,038	–	339	(34,377)	–
Disposal/Written off	–	(10,691)	–	(302)	–	(10,993)
Disposal of Lattice Power Group (Note 48(a))	(72,543)	(426,398)	(632)	(26,427)	(20,901)	(546,901)
Disposal of subsidiaries (Notes 48(b) and (d))	–	–	(294)	(343)	–	(637)
Forced Sale of Nine Disposal Entities (Note 48(c))	–	(342)	(1,027)	(257)	(427)	(2,053)
Reclassified to assets classified as held for sale (Note 26)	–	(498)	(651)	(517)	–	(1,666)
Exchange adjustment	–	–	–	(43)	–	(43)
At 31 December 2021	–	7,910	5,879	13,137	42,945	69,871
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2020	24,781	255,150	8,372	12,316	–	300,619
Provided for the year	5,772	23,490	312	468	–	30,042
Eliminated on disposal/written off	–	(6,099)	(372)	(90)	–	(6,561)
Eliminated on disposal of subsidiaries (Notes 48(e) and (f))	–	–	(1,065)	(159)	–	(1,224)
Eliminated on deemed disposal of a subsidiary (Note 48(g))	–	–	(134)	(381)	–	(515)
Exchange adjustment	–	–	–	53	–	53
At 31 December 2020	30,553	272,541	7,113	12,207	–	322,414
Provided for the year	1,540	15,357	104	665	–	17,666
Impairment loss recognised in profit or loss (Note 8)	–	–	–	–	23,135	23,135
Eliminated on disposal/written off	–	–	–	(302)	–	(302)
Eliminated on disposal of Lattice Power Group (Note 48(a))	(32,093)	(286,472)	(161)	(47)	–	(318,773)
Eliminated on disposal of subsidiaries (Notes 48(b) and (d))	–	–	(279)	(117)	–	(396)
Eliminated on Forced Sale of Nine Disposal Entities (Note 48(c))	–	(17)	(551)	(234)	–	(802)
Eliminated upon reclassification to assets classified as held for sale (Note 26)	–	(18)	(618)	(350)	–	(986)
Exchange adjustment	–	–	–	(51)	–	(51)
At 31 December 2021	–	1,391	5,608	11,771	23,135	41,905
CARRYING AMOUNTS						
At 31 December 2021	–	6,519	271	1,366	19,810	27,966
At 31 December 2020	41,990	124,355	1,269	24,480	65,895	257,989

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over the following estimated useful lives after taking into account the estimated residual values:

Buildings	20 years
Plant and machinery	10 years
Motor vehicles	4–5 years
Furniture, fixtures and equipment	3–5 years

As at 31 December 2021, due to the adverse changes in the market, management of the Company concluded there was an indication for impairment and conducted an impairment assessment on the recoverable amount of a building under construction in Xinjiang, the PRC. The recoverable amount of the building amounting to RMB30,910,000 had been determined based on fair value less costs of disposal, by using direct comparison approach estimated by reference to similar assets available in the market and adjusted for differences in condition. Based on the calculation, an impairment loss of RMB23,135,000 and RMB2,631,000 had been recognised in property, plant and equipment and right-of-use assets respectively during the year ended 31 December 2021.

The fair value less costs of disposal is classified as a level 3 measurement of the fair value hierarchy as defined in IFRS 13 "*Fair value measurement*". Below is a summary of the valuation technique used and the significant unobservable inputs to the valuation categorised within level 3 measurement:

Valuation technique	Significant unobservable inputs	Range of significant unobservable inputs
Direct comparison	Adjustments for differences in quality of properties such as location, size and level of the properties	Land: ranged from 0.2% to 2.7% Building: 5%
	Price per square metre of similar properties before adjustments	Land: ranged from RMB53 to RMB64 per square metre Building: ranged from RMB480 to RMB865 per square metre

18. RIGHT-OF-USE ASSETS

CARRYING AMOUNTS	Leasehold land RMB'000	Leased properties RMB'000	Total RMB'000
At 1 January 2020	202,764	732	203,496
Additions	119	8,254	8,373
Acquisition of assets (Note 47)	12,749	–	12,749
Depreciation charged during the year	(7,425)	(3,403)	(10,828)
Eliminated on disposal of subsidiaries (Notes 48(e) and (f))	(44,264)	–	(44,264)
Eliminated on deemed disposal of a subsidiary (Note 48(g))	(14,211)	–	(14,211)
At 31 December 2020	149,732	5,583	155,315
Additions	3,675	184	3,859
Depreciation charged during the year	(7,754)	(2,687)	(10,441)
Impairment loss recognised in profit or loss (Notes 8 and 17)	(2,631)	–	(2,631)
Eliminated on disposal of Lattice Power Group (Note 48(a))	(53,412)	(89)	(53,501)
Eliminated on disposal of subsidiaries (Notes 48(b) and (d))	(4,554)	–	(4,554)
Eliminated on Forced Sale of Nine Disposal Entities (Note 48(c))	(15,238)	–	(15,238)
Reclassified to assets classified as held for sale (Note 26)	(31,106)	–	(31,106)
At 31 December 2021	38,712	2,991	41,703

	2021 RMB'000	2020 RMB'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16	**–**	36
Total cash outflows for leases	**6,607**	10,490

For both years, the Group leases leasehold land, various offices, and equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Certain right-of-use assets for the Group had been pledged as securities for securing loans and general credit facilities granted to the Group as at 31 December 2020 as detailed in Note 52.

The Group regularly entered into short-term leases for machinery and leased properties. Lease liabilities of RMB6,703,000 were recognised with related right-of-use assets of RMB6,902,000 as at 31 December 2020. The lease agreements did not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

19. SOLAR POWER PLANTS

	Solar power plants under construction RMB'000	Completed solar power plants RMB'000	Total RMB'000
COST			
At 1 January 2020	727,195	8,344,146	9,071,341
Additions	36,600	–	36,600
Disposal/Write off	–	(39,729)	(39,729)
Disposal of the subsidiaries (Notes 48(e) and (f))	(39,010)	(1,363,436)	(1,402,446)
Deemed disposal of a subsidiary (Note 48(g))	–	(894,849)	(894,849)
Transfer to completed solar power plants	(680,942)	680,942	–
At 31 December 2020	43,843	6,727,074	6,770,917
Additions	9,588	-	9,588
Disposal of subsidiaries (Notes 48(b) and (d))	-	(820,155)	(820,155)
Forced Sale of Nine Disposal Entities (Note 48(c))	(2,824)	(2,022,502)	(2,025,326)
Reclassified to assets classified as held for sale (Note 26)	(745)	(2,144,054)	(2,144,799)
Transfer to completed solar power plants	(30,409)	30,409	-
At 31 December 2021	19,453	1,770,772	1,790,225
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 January 2020	290,052	1,998,332	2,288,384
Impairment loss recognised in profit or loss (Note 8)	–	79,109	79,109
Depreciation for the year	–	362,182	362,182
Eliminated on disposal/write off	–	(25,903)	(25,903)
Eliminated on disposal of subsidiaries (Notes 48(e) and (f))	–	(416,236)	(416,236)
Eliminated on deemed disposal of a subsidiary (Note 48(g))	–	(167,450)	(167,450)
Transfer to completed solar power plants	(284,247)	284,247	–
At 31 December 2020	5,805	2,114,281	2,120,086
Impairment loss recognised in profit or loss (Note 8)	12,958	116,597	129,555
Depreciation for the year	-	278,432	278,432
Eliminated on disposal of subsidiaries (Notes 48(b) and (d))	-	(340,235)	(340,235)
Eliminated on Forced Sale of Nine Disposal Entities (Note 48(c))	-	(953,534)	(953,534)
Reclassified to assets classified as held for sale (Note 26)	-	(646,748)	(646,748)
At 31 December 2021	18,763	568,793	587,556
CARRYING AMOUNTS			
At 31 December 2021	690	1,201,979	1,202,669
At 31 December 2020	38,038	4,612,793	4,650,831

19. SOLAR POWER PLANTS (Continued)

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

Depreciation of completed solar power plants was calculated, after taken into account the estimated residual value, using the straight-line method over the estimated useful lives of 20 years for completed solar power plants.

Impairment assessment

Due to changes in market conditions and certain price competition requirement introduced by the relevant government authority in the market, management of the Company concluded there was indication for impairment and conducted impairment assessment on the recoverable amounts of solar power plants under construction and completed solar power plants with the carrying amounts of RMB1,332,224,000 (2020: RMB4,729,940,000) during the year ended 31 December 2021.

The recoverable amount of each cash-generating unit ("CGU"), representing each solar power plant, has been determined based on a fair value less costs of disposal or value in use calculation.

The recoverable amount of four CGUs amounting to RMB830,999,000 have been determined based on the fair value less costs of disposal, using discounted cash flow projection for the remaining useful lives ranging from 17 to 19 years. Accordingly, an impairment loss of RMB51,905,000 had been recognised against the carrying amounts of completed solar power plants during the year ended 31 December 2021. The fair value on which the recoverable amount is based on is categorised as a Level 3 measurement. Key estimates and assumptions used for determining the recoverable amount are post-tax discount rate of 7.0%, the lack of marketability of 15.8% and budgeted gross margin, which is determined based on each CGU's past performance and management expectations for the market development.

The recoverable amounts of remaining CGUs have been based on the value in use calculation. Those calculation uses cash flow projections based on financial budgets approved by management of the respective subsidiary covering the remaining useful lives ranging from 15 to 21 years (2020: 16 to 22 years) with a pre-tax discount rate of 8.29% (2020: 7.2%) as at 31 December 2021, respectively. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on each CGU's past performance and management expectations for the market development.

For the year ended 31 December 2021, additional impairment loss of RMB64,692,000 and RMB12,958,000 was recognised on completed solar power plants and solar power plant under construction respectively in respect of two CGUs with no recoverable amount.

For the year ended 31 December 2020, management of the Company determined that the recoverable amounts of the CGUs of RMB681,117,000 in respect of certain solar power plants located in Xinjiang Uygur Autonomous Region were lower than the carrying amounts. Based on the value in use calculation and the allocation, an impairment of RMB79,109,000 had been recognised against the carrying amounts of completed solar power plants.

Certain solar power plants of the Group had been pledged as securing loans and general credit facilities granted to the Group as at 31 December 2021 and 2020 as detailed in Note 52.

20. INTANGIBLE ASSETS

	Computer software RMB'000	Technical know-how RMB'000	Trademarks RMB'000	Patents RMB'000	Others RMB'000	Total RMB'000
COST						
At 1 January 2020	5,475	120,247	56,274	–	47	182,043
Additions	88	–	–	–	–	88
At 31 December 2020	5,563	120,247	56,274	–	47	182,131
Additions	181	–	–	–	–	181
Contribution from a non-controlling shareholder (Note 44)	–	–	–	142,453	–	142,453
Disposal of Lattice Power Group (Note 48(a))	(269)	–	–	–	–	(269)
At 31 December 2021	5,475	120,247	56,274	142,453	47	324,496
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 January 2020	2,659	120,247	56,274	–	47	179,227
Amortisation for the year	494	–	–	–	–	494
At 31 December 2020	3,153	120,247	56,274	–	47	179,721
Amortisation for the year	501	–	–	17,740	–	18,241
Eliminated on disposal of Lattice Power Group (Note 48(a))	(15)	–	–	–	–	(15)
At 31 December 2021	3,639	120,247	56,274	17,740	47	197,947
CARRYING AMOUNTS						
At 31 December 2021	1,836	–	–	124,713	–	126,549
At 31 December 2020	2,410	–	–	–	–	2,410

The above items of intangible assets other than trademarks have finite useful lives and are amortised on a straight-line basis over the following periods:

Computer software	3 years
Technical know-how	10 years
Patents	10 years
Others	Over the shorter of the contracted period or 3–5 years

21. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of investments, unlisted	**27,940**	27,940
Share of post-acquisition profit and other comprehensive income	**8,169**	5,824
	36,109	33,764

At 31 December 2021 and 2020, the Group had interests in the following associates:

Name of associates	Registered and paid-up capital	Place of establishment/ principal place of operation	Equity interests attributable to the Group 2021	2020	Principal activities
Jiangsu Guoxin Suntech Co., Ltd.# ("Guoxin Suntech") (江蘇國信尚德太陽能發電有限公司)	RMB20,000,000 (2020: RMB20,000,000)	The PRC	**49.0%**	49.0%	Operation of rooftop solar power
Huadian Ningxia Ningdong Suntech Co., Ltd.# ("Ningxia Suntech") (華電寧夏寧東尚德太陽有限公司)	RMB38,000,000 (2020: RMB38,000,000)	The PRC	**40.0%**	40.0%	Operation of a power station

The summarised financial information in respect of each of the Group's associates is set out below, representing amounts shown in the associate's financial statements.

All of these associates are accounted for using equity method in these consolidated financial statements.

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21. INTERESTS IN ASSOCIATES (Continued)

Guoxin Suntech

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**6,842**	3,555
Non-current assets	**30,892**	32,853
Current liabilities	**(230)**	(220)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**5,516**	5,045
Profit for the year	**1,316**	1,069
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**1,316**	1,069
Dividend received	**–**	490

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guoxin Suntech recognised in the consolidated financial statements:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Net assets of the associate	**37,504**	36,188
Proportion of the Group's ownership interest in this associate	**49%**	49%
Carrying amount of the Group's interest in this associate	**18,377**	17,732

21. INTERESTS IN ASSOCIATES (Continued)

Ningxia Suntech

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**49,744**	37,604
Non-current assets	**87,128**	93,187
Current liabilities	**(10,541)**	(17,710)
Non-current liabilities	**(82,000)**	(73,000)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**16,666**	15,743
Profit for the year	**4,250**	2,763
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**4,250**	2,763
Dividend received	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ningxia Suntech recognised in the consolidated financial statements:

	2021	2020
	RMB'000	RMB'000
Net assets of the associate	**44,331**	40,081
Proportion of the Group's ownership interest in this associate	**40%**	40%
Carrying amount of the Group's interest in this associate	**17,732**	16,032

22. INTEREST IN A JOINT VENTURE

	2021 RMB'000	2020 RMB'000
Cost of investment in a joint venture	**313,848**	313,848
Share of post-acquisition losses and other comprehensive expense	**(52,492)**	(52,492)
	261,356	261,356
Less: Impairment loss recognised	**(261,356)**	(261,356)
	–	–

The joint venture is accounted for using the equity method in these consolidated financial statements. Details of the Group's joint venture as at 31 December 2021 and 2020 are as follow:

Name of joint venture	Paid-in capital/ registered capital	Country of incorporation/ establishment and principal place of business	Proportion of ownership interest held by the Group 2021	Proportion of ownership interest held by the Group 2020	Proportion of voting rights held by the Group	Principal activity
Suniva Inc. ("Suniva")	USD12,531,219 (2020: USD12,531,219)	United States of America	**63.13% (Note (a))**	63.13% (Note (a))	57.14% (2020: 57.14%) (Note (b))	Manufacturing and sales of solar products

Notes:

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

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

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

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

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

	2021 RMB'000	2020 RMB'000
Non-current		
Unlisted equity investment (Note (i))	**1,000**	2,207
Current		
Convertible debt instrument (Note (ii))	**–**	10,338

Notes:

(i) As at 31 December 2021, the amount represented the Group's unlisted equity investment with fair value of RMB1,000,000 (2020: RMB2,207,000).

(ii) On 16 December 2020, the Group purchased a convertible debt instrument with principal amount of RMB10,000,000, which is repayable on demand after first anniversary day of drawdown and carries fixed interest rate of 8% per annum. The directors of the Company classified the investment as financial asset as FVTPL as the instrument contains an option to convert into shares of the borrower at holder's option at any time before the maturity date. During the year ended 31 December 2020, a gain on fair value change on financial assets at FVTPL amounting to RMB338,000 was recognised in profit or loss under discontinued operation. Such item has been disposed of along with the completion of the disposal of Lattice Power Group during the year ended 31 December 2021.

The fair value as at 31 December 2021 and 2020 has been arrived at on the basis of valuation carried out by an independent valuer as set out in Note 49(c).

24. OTHER NON-CURRENT ASSETS

	2021 RMB'000	2020 RMB'000
Deposits paid for:		
Acquisition of property, plant and equipment (Note (i))	**–**	8,185
Receivables included in non-current assets:		
Other deposits (Note (ii))	**23,033**	101,483
	23,033	109,668

Notes:

(i) The amount represented the partial payments made by the Group for the acquisition of property, plant and equipment. Such amount was transferred to property, plant and equipment upon receipt by the Group.

(ii) The amount represented the deposits placed for securing certain long term borrowings from financial institutions as summarised in Note 52 and will be returned to the Group upon maturity, of which will not be matured within twelve months after the end of the reporting period.

25. CONTRACT ASSETS

	2021 RMB'000	2020 RMB'000
Non-current asset – sales of renewable energy	–	346,912
Less: loss allowance recognised	–	(248)
	–	346,664

As at 1 January 2020, contract assets amounted to RMB310,394,000.

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as non-current.

Sales of renewable energy

Contract assets relate to the Group's right to consideration for electricity sold to the local state grid in the PRC. The contract assets are transferred to trade receivables when the solar power plants complete the registration to the Catalogue. The Group considers the settlement terms contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant counterparties. The related contract assets are classified as non-current assets as at 31 December 2020. The decrease of contract assets mainly due to the completion of registration to the Catalogue in respect of two solar power plants and disposal of a subsidiary during the year ended 31 December 2021.

Details of loss allowance relating to contract assets are set out in Note 49(b).

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

(i) Disposals of the 7 Target Companies

On 13 August 2021, the Group has entered into seven sale and purchase agreements with China Power Investment Xinjiang Energy Chemical Engineering Group Akesu Co., Ltd.#（中電投新疆能源化工集團阿克蘇有限公司）("China Power Investment"), an independent third party, pursuant to which the Group has conditionally agreed to sell, and China Power Investment has conditionally agreed to purchase 100% of the equity interests in (i) Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd#（保山長山順風尚德新能源有限公司）("Baoshan Changshan"), (ii) Shufu County Junxin Technology Photovoltaic Power Generation Co., Ltd#（疏附縣浚鑫科技光伏發電有限公司）("Junxin"), (iii) Kezhou Baishide New Energy Development Co., Ltd#（克州百事德新能源開發有限公司）("Kezhou Baishide"), (iv) Maigaiti Jintan Zhengxin New Energy Technology Co., Ltd#（麥蓋提金壇正信新能源科技有限公司）("Maigaiti"), (v) Wushi Longbai Electricity Investment Co., Ltd#（烏什龍柏電力投資有限公司）("Wushi"), (vi) Yingjisha County Rongxin Tianhe New Energy Co., Ltd#（英吉沙縣融信天和新能源有限責任公司）("Yingjisha"), and (vii) Shufu County Zhongjiancai New Energy Photovoltaic Power Generation Co., Ltd#（疏附縣中建材新能源光伏發電有限公司）("Zhongjiancai") (collectively referred to as the "7 Target Companies"), which owned and operated 7 solar power plants in the PRC. The shareholders of the Company have approved, confirmed and ratified the disposal on 13 December 2021 and the registration for share transfer had been completed in respect of 2 entities, being Maigaiti and Zhongjiancai (collectively referred to as the "2 entities out of the 7 Target companies"), as at 31 December 2021.

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26. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(i) Disposals of the 7 Target Companies (Continued)

The disposals of Baoshan Changshan, Junxin, Kezhou Baishide, Wushi and Yingjisha (collectively referred to as the "5 entities out of the 7 Target Companies") are still underway as at 31 December 2021 as certain conditions precedent had not yet been met.

The proceeds arising from the disposals of the 5 entities out of the 7 Target Companies were RMB492,172,000, comprising the following:

- the cash consideration of RMB125,200,000, to be payable by China Power Investment to the Group by three tranches; and
- relevant payables representing the relevant amounts payable by the 5 entities out of the 7 Target Companies to the Group by two tranches, the timing and amount of payment to the Group of which are conditional upon the completion of the disposal and are subject to adjustment from the result of transitional period audit to be performed by the PRC auditor of the 5 entities out of the 7 Target Companies. Management of the Company assessed that the relevant payables amounted to RMB366,972,000 as at 31 December 2021.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 24 November 2021.

The registration for share transfer of Wushi has been completed subsequent to the end of the reporting period.

(ii) Disposals of the 2 Target Companies

On 24 September 2021, the Group has entered into two sale and purchase agreements with Zhonghe Huineng Co., Ltd.# ("中核匯能有限公司") ("Zhonghe Huineng"), an independent third party, pursuant to which the Group has conditionally agreed to sell, and Zhonghe Huineng has conditionally agreed to purchase 100% of the equity interests in (i) Hebei Sanlong Electricity Technology Co. Ltd.# (河北三龍電力科技有限公司) ("Hebei Sanlong") and (ii) Shangyi County Shunneng Photovoltaic Electricity Co., Ltd.# (尚義縣順能光伏電力有限公司) ("Shangyi County Shunneng") (collectively referred to as the "2 Target Companies"), which owned and operated 2 solar power plants in the PRC. The proceeds arising from the disposals of the 2 Target Companies were RMB399,950,000, comprising the following:

- the cash consideration of RMB170,000,000, to be payable by Zhonghe Huineng to the Group by three tranches; and
- relevant payables representing the relevant amounts payable by the 2 Target Companies to the Group by two tranches, the timing and amount of payment to the Group of which are conditional upon the completion of the disposal and are subject to adjustment from the result of transitional period audit to be performed by the PRC auditor of the 2 Target Companies. Management of the Company assessed that the relevant payables amounted to RMB229,950,000 as at 31 December 2021.

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26. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

(ii) Disposals of the 2 Target Companies (Continued)

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 24 December 2021.

The shareholders of the Company have approved, confirmed and ratified the disposal on 13 January 2022 and the registration for share transfer of the 2 Target Companies has been completed subsequent to the end of the reporting period.

The disposals of 5 entities out of the 7 Target Companies and the 2 Target Companies are still underway as at 31 December 2021 as certain conditions precedent have not yet been met. As at 31 December 2021, management of the Company has assessed that the sale of each of the 5 entities out of the 7 Target Companies and the 2 Target Companies is highly probable to be completed within twelve months from the date of classification. Assets and liabilities of each of the 5 entities out of the 7 Target Companies and the 2 Target Companies, which were expected to be disposed of within twelve months, had been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively, and were presented separately in the consolidated statement of financial position as at 31 December 2021 (see below).

The results, assets and liabilities in relation to the 5 entities out of the 7 Target Companies and the 2 Target Companies were included in the Group's solar power generation in the PRC for segment reporting purposes. The major classes of assets and liabilities of the 5 entities out of the 7 Target Companies and the 2 Target Companies as at 31 December 2021, which have been presented separately in the consolidated statement of financial position, are as follows:

26. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

	5 entities out of the 7 Target Companies RMB'000	**2 Target Companies** RMB'000	**Total** RMB'000
Property, plant and equipment	583	97	680
Right-of-use assets	20,510	10,596	31,106
Solar power plants	822,700	675,351	1,498,051
Other non-current assets	53,995	11,401	65,396
Value-added tax recoverable	51,821	59,740	111,561
Trade and other receivables	507,960	349,108	857,068
Prepayments to suppliers	925	107	1,032
Restricted bank deposits	4,295	6,905	11,200
Bank balances and cash	35	19	54
	1,462,824	1,113,324	2,576,148
Impairment loss recognised on assets classified as held for sale (Note)	(65,065)	(37,763)	(102,828)
Total assets classified as held for sale	1,397,759	1,075,561	2,473,320
Trade and other payables	189,758	106,551	296,309
Lease liabilities	2,953	–	2,953
Tax liabilities	717	–	717
Bank and other borrowings	712,159	569,060	1,281,219
Total liabilities associated with assets classified as held for sale	905,587	675,611	1,581,198

Note:

As at 31 December 2021, taking into account the cash consideration payable by purchaser to the Group and the relevant payables payable by the relevant Target Companies, the expected total proceeds to be received by the Group was estimated less than the net carrying amounts of the relevant assets and liabilities, and an impairment loss of RMB102,828,000 was recognised in other gains and losses, net to write down the carrying amounts of the relevant assets to fair value less costs of disposal, accordingly.

The following assets included in assets classified as held for sale have been pledged to various financial institutions for securing loans and general credit facilities granted to the Group.

	2021 **RMB'000**
Right-of-use assets	**706**
Solar power plants	**604,044**
Trade receivables and accrued revenue on tariff subsidies	**855,484**
Other deposits included in other non-current assets	**53,875**

27. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	–	28,894
Work-in-progress	–	26,077
Finished goods	–	28,121
	–	83,092

During the year ended 31 December 2020, there was a write-down of inventories in respect of LED Products amounting to RMB4,156,000 and was recognised in cost of sales under discontinued operation.

28. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables	16,294	244,870
Accrued revenue on tariff subsidies (Note (i))	373,279	1,178,650
	389,573	1,423,520
Less: Loss allowance recognised	(2,405)	(28,673)
Total trade receivables and accrued revenue on tariff subsidies	387,168	1,394,847
Prepaid expenses	957	7,998
Other receivables		
Amounts due from independent third parties (Note (ii))	6,009	19,840
Consideration receivables from disposal of subsidiaries (Note (iii))	133,973	213,245
Consideration receivables from Forced Sale of Nine Disposal Entities (Notes (iv) and 48(c))	403,476	–
Consideration receivable from deemed disposal of a subsidiary (Notes (v) and 48(g))	–	21,940
Security deposit (Note (vi))	101,926	103,532
Others (Note (vii))	2,622	7,893
	648,006	366,450
	1,036,131	1,769,295

28. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. The collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidies is discounted at an effective interest rate ranged from 2.37% to 2.76% (2020: ranged from 2.65% to 2.76%) per annum as at 31 December 2021.

(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 twelve months after the end of the reporting period.

(iii) As at 31 December 2021, the amount included the remaining sale proceeds from the disposals of the 2 entities out of the 7 Target Companies, Yangyuan Juge, the 11 Target Companies and the 6 Target Companies amounting to RMB133,973,000 (net of loss allowance of RMB35,564,000).

As at 31 December 2020, the amount included the remaining sale proceeds from the disposals of the 11 Target Companies and the 6 Target Companies amounting to RMB213,245,000 (net of loss allowance of RMB70,276,000).

(iv) As at 31 December 2021, the amount included the remaining sale proceeds from the Forced Sale of Nine Disposal Entities amounting to RMB403,476,000 (net of loss allowance of RMB25,883,000).

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

(vi) The amount represented a deposit placed by the Group in the security deposit account opened in an independent financial institution, which was one of the corporate bondholders of a subsidiary of the Company. Pursuant to the maturity notice dated on 15 June 2018, an offsetting right had been granted by the Group to the independent financial institution, allowing it to offset the entire security deposit against the Group's outstanding corporate bond payables upon the maturity of the corporate bond. During the year ended 31 December 2021, the Group and the bondholder have entered into another supplementary agreement to further extend the due date of the remaining outstanding amounts of corporate bond payable to 25 October 2021. As at 31 December 2021, loss allowance of RMB5,074,000 was recognised in profit or loss (2020: RMB3,468,000).

(vii) The amount mainly included custom deposits and advances to staff for the operational purpose for both years.

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28. TRADE AND OTHER RECEIVABLES (Continued)

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

	2021 RMB'000	2020 RMB'000
0 to 30 days	**12,502**	96,713
31 to 60 days	**10,394**	78,312
61 to 90 days	**12,875**	79,299
91 to 180 days	**45,385**	145,519
Over 180 days	**306,012**	995,004
	387,168	1,394,847

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, representing 37% to 83% in 2021 (2020: 37% to 91%) of total electricity sales, 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.

Pursuant to the Tariff Notice, a set of standardised procedures for the settlement of the tariff subsidies has come into force since 2013 and approvals for the registration in the Catalogue on a project-by-project basis are required before the allocation of funds to the state grid companies, which then would make settlement to the Group.

As at 31 December 2021, all of the Group's operating solar power plants were registered into the Catalogue (2020: 3 operating solar power plants had not been registered into the Catalogue).

As at 31 December 2020, the directors of the Company were of the opinion that the recognition of accrued revenue on tariff subsidies were proper based on their judgement and taken into account the opinion from Group's external legal advisor, that all of the Group's operating power plants had been qualified for, and had met, all the requirements and conditions as required according to the requirements and conditions for the registration in the Catalogue. The directors of the Company were confident that the accrued revenue on tariff subsidies would become fully recoverable, after considering that there were no bad debt experiences with the state grid companies in the past and the tariff subsidies were fully funded by the PRC government.

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.

	2021 RMB'000	2020 RMB'000
0 to 30 days	**3,993**	68,383
31 to 60 days	**612**	45,141
61 to 90 days	**878**	38,328
91 to 180 days	**4,208**	37,232
Over 180 days	**4,607**	27,113
	14,298	216,197

28. TRADE AND OTHER RECEIVABLES (Continued)

Certain trade receivable and accrued revenue on tariff subsidies had been pledged as securities for securing loans and general credit facilities granted to the Group as at 31 December 2021 and 2020 as detailed in Note 52. Details of loss allowance relating to trade receivables are set out in Note 49(b).

Trade and other receivables that were denominated in United States Dollar ("USD") and HKD, the foreign currencies other than functional currency of the relevant group entities, were re-translated to RMB and stated for reporting purpose as:

	2021 **RMB'000**	2020 RMB'000
USD	**–**	22,315
HKD	**–**	880

29. RECEIVABLES AT FVTOCI

Receivables at FVTOCI comprise:

	2021 **RMB'000**	2020 RMB'000
Bills receivables aged within 6 months based on the issue dates of bills receivables	**1,180**	9,527

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

30. TRANSFERS OF FINANCIAL ASSETS

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

As at 31 December 2021, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to collecting banks or the suppliers in respect of the bank issued bills endorsed, should the issuing banks fail to settle the bills on maturity date amounted to RMB1,205,000 (2020: RMB209,404,000).

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

31. PREPAYMENTS TO SUPPLIERS

As at 31 December 2021, prepayments to suppliers included advance of RMB3,998,000 (2020: RMB33,232,000) to certain suppliers as deposits for raw material purchases. The entire amount is expected by management of the Company to be utilised within the next twelve months after the end of the reporting period.

32. AMOUNTS DUE FROM THE RELATED PARTIES

	Maximum amount outstanding during the year RMB'000	**2021 RMB'000**	2020 RMB'000
Consideration receivables arising from the disposal of the 2019 Disposal Group (Note (i))	**1,551,086**	**1,547,123**	1,551,086
Amount due from a non-controlling shareholder (Note (ii))	**2,940**	**2,940**	–
Loan advanced to related parties (Note (iii))	**81,041**	**46,695**	81,041
Trade receivables (Note (iv))	**N/A**	**6,786**	4,980
Less: Loss allowance recognised	**N/A**	**(3,704)**	(306)
		1,599,840	1,636,801

Notes:

(i) As at 31 December 2021, the amount included RMB1,547,123,000 (net of loss allowance of RMB105,328,000) (2020: RMB1,551,086,000, net of loss allowance of RMB101,365,000), representing the consideration receivable from Asia Pacific Resources arising from disposal of the 2019 Disposal Group.

(ii) As at 31 December 2021, the amount included RMB2,940,000 (net of loss allowance of RMB126,000), representing the receivable from a non-controlling shareholder. The amount due was unsecured, interest-free, and repayable on demand.

(iii) As at 31 December 2021, the amount included RMB46,695,000 (net of loss allowance of RMB3,129,000) (2020: RMB81,041,000, net of loss allowance of RMB5,296,000), representing the loan advanced to the subsidiaries included in the 2019 Disposal Group, which was now indirectly and wholly owned by Mr. Cheng, a substantial shareholder of the Company. The amounts due was unsecured, interest-free, and repayable within one year.

(iv) As at 31 December 2021, the amount included RMB3,082,000, net of loss allowance of RMB3,704,000 (2020: RMB4,674,000, net of loss allowance of RMB306,000), arising from the supply and the sales of electricity to the subsidiaries included in the 2019 Disposal Group, generated from the Group's roof-top solar power plants, which was trade related, unsecured and interest-free, and the credit period granted by the Group to the related party was 180 days. Balance as at 31 December 2021 and 2020 was all aged over 180 days based on the electricity transmitted date.

Details of loss allowance relating to amounts due from the related parties are set out in Note 49(b).

33. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group and bills payables and are therefore classified as current assets.

The ranges of interest rate of the Group's restricted bank deposits are as follows:

	2021	2020
Interest rate per annum:		
Fixed rate	**0.55%–2.00%**	0.55%–2.00%
Variable rate	**0.00%–0.35%**	0.00%–0.35%

The restricted bank deposits will be released upon the settlement of relevant bank borrowings, short-term banking facilities and bills payables.

Bank balances carry interest at market rates ranging from 0.00% to 0.35% (2020: ranging from 0.00% to 0.35%) per annum.

Details of loss allowance relating to restricted bank deposits and bank balances and cash are set out in Note 49(b).

Bank balances and cash and restricted bank deposits that were denominated in USD, HKD, Euro ("EUR") and Japanese Yen ("JPY"), the foreign currencies other than functional currencies of the relevant group entities, were re-translated to RMB and stated for reporting purpose as:

	2021 **RMB'000**	2020 RMB'000
USD	**12,771**	216
HKD	**1,288**	3,026
EUR	**108**	117
JPY	**1**	1

Certain bank balances and cash and restricted bank deposits of the Group of approximately RMB48,390,000 (2020: RMB251,334,000) were denominated in RMB which is not freely convertible currency in the international market. The exchange of RMB is determined by the Government of the PRC and the remittance of these funds out of the PRC is subject to exchange restriction imposed by the Government of the PRC.

34. TRADE AND OTHER PAYABLES

	2021 **RMB'000**	2020 RMB'000
Trade payables	**697**	95,125
Bills payables	**–**	18,740
Payables for acquisition of property, plant and equipment	**–**	11,073
Payables for EPC of solar power plants (Note (i))	**60,473**	374,036
Other tax payables	**1,401**	41,528
Amounts due to independent third parties (Note (ii))	**2,716**	1,372
Accrued expenses	**464,399**	535,717
Accrued payroll and welfare	**2,906**	50,272
Consideration payable for previous acquisition of subsidiaries (Note (iii))	**5,700**	10,525
Amounts due to disposed subsidiaries	**3,214**	–
Others	**1,353**	3,266
	542,859	1,141,654

Notes:

(i) Amount represented payables incurred for EPC of solar power plants. The amounts would be repayable within twelve months after the end of the reporting period and such amounts were therefore classified as current liabilities at the end of the reporting period.

(ii) As at 31 December 2021 and 2020, the amounts due 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 (2020: 0 to 180 days) and certain suppliers allow longer credit period on a case-by-case basis. The following is an ageing analysis of the trade payables presented based on the invoice date at the end of the reporting period:

	2021 **RMB'000**	2020 RMB'000
0 to 30 days	**141**	38,081
31 to 60 days	**–**	12,325
61 to 90 days	**–**	4,999
91 to 180 days	**–**	3,332
Over 180 days	**556**	36,388
	697	95,125

34. TRADE AND OTHER PAYABLES (Continued)

The following is an ageing analysis of bills payables presented based on issue date at the end of the reporting period:

	2021	2020
	RMB'000	RMB'000
0 to 30 days	**–**	18,740

Trade and other payables that were denominated in USD and HKD, the foreign currencies other than functional currency of the relevant group entities, were re-translated to RMB and stated for reporting purposes as:

	2021	2020
	RMB'000	RMB'000
USD	**1,595**	11,609
HKD	**303,148**	344,849

35. CONTRACT LIABILITIES

	2021	2020
	RMB'000	RMB'000
Amounts received in advance of:		
– Sales of LED Products	**–**	12,826

Revenue from sales of goods is recognised at a point in time when the customers obtain control of the goods transferred, since only by that time the Group has a present right to payment from the customers.

The following table shows how much of the revenue recognised (including in discontinued operation) relates to brought forward contract liabilities. There was no revenue recognised during the current year that related to performance obligations that were satisfied in prior years.

Revenue recognised that was included in the contract liabilities balance (including in discontinued operation) at the beginning of the year:

	2021	2020
	RMB'000	RMB'000
Sales of LED Products	**6,574**	6,491

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

Analysed for reporting purpose as:

	2021 RMB'000	2020 RMB'000
Current		
Loan advanced from the 2019 Disposal Group (Note (i))	**1,588,414**	1,651,233
Payable to a non-controlling shareholder (Note 44)	**30,000**	–
Interest payable to a related company (Note (ii))	**1,124**	–
	1,619,538	1,651,233
Non-current		
Loan from a related company (Note (ii))	**599,301**	–

Notes:

(i) As at 31 December 2021, the balances due to the 2019 Disposal Group, which is now directly owned by Mr. Cheng, a substantial shareholder of the Company, were non-trade in nature, unsecured, interest-free and repayable on demand.

As at 31 December 2020, except for the unsecured balance of RMB10,000,000 carried at fixed interest rate of 6% per annum and repayable on demand, the remaining balances due to the 2019 Disposal Group were non-trade in nature, unsecured, interest-free and repayable on demand.

(ii) On 23 December 2021, the Group entered into a framework agreement and all relevant legal documents with Sino Alliance and Asia Pacific Resources, in which Asia Pacific Resources settled the total amount of HKD733,000,000 to Sino Alliance on behalf of the Group. As at 31 December 2021, the amount of HKD733,000,000 (equivalent to RMB599,301,000) 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 HKD1,374,000 (equivalent to RMB1,124,000) was non-trade in nature, unsecured, interest-free and repayable on demand.

37. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable:		
Within one year	**11,534**	17,194
Within a period of more than one year but not more than two years	**1,090**	4,930
Within a period of more than two years but not more than five years	**2,258**	4,694
Within a period of more than five years	**9,880**	6,067
	24,762	32,885
Less: Amount due for settlement with 12 months shown under current liabilities	**(11,534)**	(17,194)
Amount due for settlement after 12 months shown under non-current liabilities	**13,228**	15,691

Lease obligations that were denominated in HKD, the foreign currency other than the functional currency of the relevant group entities, were retranslated to RMB and set out below:

	2021 RMB'000	2020 RMB'000
HKD	**5,152**	6,646

38. PROVISIONS

	Financial guarantee (Note a) RMB'000	Provision on legal claims (Note b) RMB'000	Total RMB'000
At 1 January 2020	177,100	–	177,100
ECL recognised	9,000	–	9,000
Provision for the year	16,768	–	16,768
Reversal of ECL	(3,022)	–	(3,022)
Exchange adjustments	(12,200)	–	(12,200)
At 31 December 2020	187,646	–	187,646
Provision for the year	**15,640**	**11,000**	**26,640**
Reversal of ECL	**(9,000)**	**–**	**(9,000)**
Exchange adjustments	**(4,269)**	**–**	**(4,269)**
At 31 December 2021	**190,017**	**11,000**	**201,017**

38. PROVISIONS (Continued)

Notes:

(a) During the year ended 31 December 2020,

(i) additional ECL of RMB9,000,000 was recognised in relation to the financial guarantee provided by Shunfeng Photovoltaic Investment (China) Co., Ltd. ("Shunfeng Investment") to an independent third party due to increase of credit risk.

(ii) the Group made further provision of USD2,431,000 (equivalent to RMB16,768,000) relating to the additional outstanding interest expense that the Group was obligated to settle for Suniva followed by a reversal of USD438,000 (equivalent to RMB3,022,000) as certain outstanding borrowing had been settled by Suniva.

During the year ended 31 December 2021,

(i) a reversal of ECL of RMB9,000,000 was recognised as certain borrowings in relation to the financial guarantee provided by Shunfeng Investment to an independent third party had been settled by third party.

(ii) the Group made further provision of USD2,424,000 (equivalent to RMB15,640,000) relating to the additional outstanding interest expense that the Group was obligated to settle for Suniva.

As at 31 December 2020, the amounts represented financial guarantee contracts of:

- RMB 9,000,000 provided by Shunfeng Investment to an independent third party for the overdue bank borrowings; and
- Suniva's bank borrowing and the outstanding accumulated accrued interest expenses of USD15,152,000 (equivalent to RMB98,863,000) and USD12,228,000 (equivalent to RMB79,783,000) respectively.

As at 31 December 2021, the amounts represented financial guarantee contracts of:

- Suniva's bank borrowing and the outstanding accumulated accrued interest expenses of USD15,152,000 (equivalent to RMB96,602,000) and USD14,652,000 (equivalent to RMB93,415,000) respectively.

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

Details of the loss allowance for financial guarantee contracts are set out in Note 49(b).

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

39. BANK AND OTHER BORROWINGS

	2021	2020
	RMB'000	RMB'000
Bank borrowings	**476,263**	1,349,844
Other borrowings	**1,438,617**	4,090,131
	1,914,880	5,439,975
Secured and guaranteed	**776,502**	2,360,233
Secured and unguaranteed	**852,218**	2,785,183
Unsecured and unguaranteed	**286,160**	294,559
	1,914,880	5,439,975
Fixed-rate borrowings	**1,209,918**	3,004,218
Variable-rate borrowings	**704,962**	2,435,757
	1,914,880	5,439,975
Carrying amount repayable:		
Within one year (Note (i))	**1,363,361**	2,763,746
More than one year, but not exceeding two years	**252,070**	682,372
More than two years, but not exceeding five years	**177,826**	1,226,331
More than five years	**121,623**	767,526
	1,914,880	5,439,975
Less: amounts due within one year shown under current liabilities (Note (h))	**(1,596,234)**	(3,219,869)
Amounts shown under non-current liabilities	**318,646**	2,220,106

39. BANK AND OTHER BORROWINGS (Continued)

More analysis on the bank and other borrowings as at 31 December 2021 and 2020:

Bank and other borrowings	Principal amount in original currency				Current liabilities RMB equivalents		Non-current liabilities RMB equivalents		Overdue amounts included in current liabilities as at 31 December	Overdue amounts up to the date of approval of these consolidated financial statements	Notes
	2021		2020		**2021**	2020	**2021**	2020	**2021**		
	HKD'000	**RMB'000**	HKD'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	**RMB'000**	
Major creditors											
Sino Alliance	**661,000**	**-**	1,200,000	–	**540,434**	1,009,920	**-**	–	**540,434**	**540,434**	(a)
CMBC-HK	**470,600**	**-**	780,000	–	**384,763**	252,480	**-**	403,968	**-**	**53,635**	(b)
Chongqing Trust	**-**	**-**	–	666,000	**-**	666,000	**-**	–	**-**	**-**	(c)
Bondholders A	**350,000**	**-**	350,000	–	**286,160**	294,560	**-**	–	**143,080**	**143,080**	(d)
True Bold	**171,690**	**-**	171,690	–	**140,374**	144,495	**-**	–	**140,374**	**136,286**	(e)
Consideration receivables in advance from Chongqing Future	**-**	**17,117**	–	33,484	**17,117**	33,484	**-**	–	**17,117**	**-**	(f)
Sub-total	**1,653,290**	**17,117**	2,501,690	699,484	**1,368,848**	2,400,939	**-**	403,968	**841,005**	**873,435**	
– held by group entities within solar power generation business	**-**	**546,032**	–	2,615,068	**227,386**	798,930	**318,646**	1,816,138	**12,112**	**12,112**	
– held by the Lattice Power Group	**-**	**-**	–	20,000	**-**	20,000	**-**	–	**-**	**-**	(g)
Sub-total	**-**	**546,032**	–	2,635,068	**227,386**	818,930	**318,646**	1,816,138	**12,112**	**12,112**	
					1,596,234	3,219,869	**318,646**	2,220,106	**853,117**	**885,547**	

39. BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) As at 31 December 2016, included in the other borrowings was a borrowing of HKD2,500,000,000 advanced from Sino Alliance, which carried interest at 8.5% per annum and originally matured on 21 December 2018.

Upon the disposal of the 2019 Disposal Group, amounting to HKD1,200,000,000 was assumed by Asia Pacific Resources as part of the consideration. In addition, a supplementary agreement was entered into among the Group, Asia Pacific Resources, Mr. Cheng and Sino Alliance dated 28 June 2019 to further extend the due dates, pursuant to which the outstanding principal balance of HKD1,300 million was required to be settled in two instalments, including:

(i) HKD500 million or 50% of consideration for the proposed disposal of the 11 Target Companies, whichever is higher, to be settled on 31 December 2019 or 30 business days after completion of the disposals, whichever is earlier; and

(ii) the remaining balances to be settled on 31 December 2020 or 30 business days after completion of the Group's other disposals of solar power plants, if any and whichever is earlier.

During the year ended 31 December 2020, total principal amount of HKD100,000,000 (equivalent to RMB88,968,000) has been settled. As at 31 December 2020, total principal amount of HKD1,200,000,000 (equivalent to RMB1,009,920,000) was due.

During the year ended 31 December 2021, total principal amount of HKD49,000,000 (equivalent to RMB40,948,000) has been settled by cash by the Group. On 23 December 2021, the Group entered into a framework agreement and relevant legal documents with Sino Alliance and Asia Pacific Resources, that the Group, Sino Alliance and Asia Pacific Resources agreed the partial principal amount of HKD490,000,000 (equivalent to RMB399,683,000) and accrued interest of HKD243,000,000 (equivalent to RMB198,210,000) due to Sino Alliance was settled by Asia Pacific Resources. In addition, the Group agreed to pledge its 100% equity interest in Xinjiang Pu Xin Cheng Da Energy Technology Limited# (新疆普新誠達能源科技有限公司) ("Xinjiang Pu Xin Cheng Da"), a non wholly-owned subsidiary of the Company, to Sino Alliance and Asia Pacific Resources agreed to pledge its right of receiving the loan to the Group of HKD733,000,000 (equivalent to RMB599,301,000) to Sino Alliance. As at 31 December 2021, the principal amount of HKD661,000,000 (equivalent to RMB540,434,000) was carried interest at 8.5% per annum and overdue. The borrowing was secured by loan from the related company (Note 36(ii)) and the personal guarantee executed by Mr. Cheng.

Upon continuing negotiation and discussion between management of the Company and Sino Alliance, as of the date of approval of these consolidated financial statements, management of Sino Alliance has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by management of the Company.

(b) Bank borrowing of HKD980,000,000 advanced from CMBC-HK, which was carried at the aggregate interest rate of 5% plus 3-month HIBOR per annum together with a management fee of 1.5% and advisory fee 1.5% per annum was matured on 21 December 2018. During the year ended 31 December 2018, a supplemental deed was entered into between the Group and CMBC-HK pursuant to which the maturity of the bank borrowing had been conditionally extended to 20 August 2019. In addition, the interest rate charged by CMBC-HK during the extended period was decreased from 5% to 4% per annum while the other terms and conditions remain unchanged.

On 31 October 2019, another supplementary agreement was entered into between the Group and CMBC-HK to further extend the due dates, pursuant to which the Group had agreed to additionally pledge its entire 58% of equity interest in Lattice Power Group to CMBC-HK, and CMBC-HK had agreed a further extension of the due dates and the settlement of the outstanding principal of HKD980,000,000 by instalments, including:

(i) an amount of HKD320 million to be settled on or before 31 December 2019 or expiry of 15 business days of receipt by the Group of the consideration of the disposal of 11 Target Companies, whichever is earlier (which is determined as the higher of amount of HKD200 million, 20% of the consideration for the disposal of 11 Target Companies or the sales capacity as of the disposal of 11 Target Companies divided by 1,500 megawatts and multiplied by HKD980 million);

(ii) the higher of amount of HKD280 million and 20% of the consideration for the other disposals of solar power plants (including the disposal of 6 Target Companies and Possible Disposals of Further Solar Power Plants) on or before 15 July 2020 or the sales capacity as of the Possible Disposals of Further Solar Power Plants on or before 15 July 2020 divided by 1,500 megawatts and multiplied by HKD980 million, to be extended to 15 July 2020; and

(iii) the remaining balance to be settled on or before 18 December 2020.

39. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(b) (Continued)

During the year ended 31 December 2020, total principal amount of HKD200,000,000 (equivalent to RMB171,917,000) has been settled. On 31 December 2020, another supplementary agreement was entered into between the Group and CMBC-HK to further extend the due dates of the outstanding principal of HKD780,000,000 (equivalent to RMB656,448,000) by instalments, including:

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

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

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

Interest shall be paid for a period of the lesser of (i) three months and (ii) the period of time remaining from the beginning of such interest period until the final maturity date. During the year ended 31 December 2021, principal balance of HKD309,400,000 (equivalent to RMB253,728,000) had been settled while no settlement of interest was made according to the agreement terms and therefore the principal balance of HKD470,600,000 (equivalent to RMB384,763,000) has become repayable on demand as a result of breach of loan covenants as at 31 December 2021. As at 31 December 2021, the principal amount of HKD470,600,000 (equivalent to RMB384,763,000) was carried interest at 3% plus 3-month HIBOR per annum. The borrowing was secured by equity interests of S.A.G. Solar Development and Construction GmbH, meteocontrol GmbH and Meteocontrol International Limited, the subsidiaries under the 2019 Disposal Group which are now controlled by Mr. Cheng.

Management of the Company expects that the first instalment in 2022 payable amounting to HKD65,600,000 will be settled in the second quarter in 2022 upon the receipt of sale proceeds from the disposals. Upon continuing negotiation and discussion between management of the Company and CMBC-HK, as of the date of approval of these consolidated financial statements, management of CMBC-HK has been aware of the progress and details of the Development Plan. In addition, they are aware of the Company's proposed settlement plan of the remaining outstanding balances and also stand for the Development Plan proposed by management of the Company.

(c) The balances of RMB666,000,000 was advanced from Chongqing Trust which was secured by the Group's equity interest in Jiangsu Changshun and Nine Disposal Entities and guaranteed by the Company, carried fixed interest rate of 11% per annum and was matured on 29 September 2019. Another supplementary agreement was entered into between the Group and Chongqing Trust dated 23 December 2019 to further extend the due date to 30 September 2020, with the terms remain unchanged.

The entire outstanding principal balance and accrued interests were fully settled through Forced Sale of Nine Disposal Entities during the year ended 31 December 2021 as detailed in Note 48(c).

(d) As at 31 December 2020, the balance of HKD350,000,000 (equivalent to RMB294,560,000) was due to one individual bondholder of Fourth CB. On 26 March 2021, the Group entered into an extension agreement with that bondholder to further extend of the due dates and the settlement of the outstanding principal of HKD350,000,000 (equivalent to RMB294,560,000) by instalments, including:

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

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

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

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

During the year ended 31 December 2021, no settlement was made according to the terms stated in sub-note (d)(i) and (ii) above and the principal balance of HKD175,000,000 (equivalent to RMB143,080,000) has become overdue as at 31 December 2021.

As at 31 December 2021, the principal amount of HKD350,000,000 (equivalent to RMB286,160,000) (2020: HKD350,000,000 (equivalent to RMB294,560,000)) was carried interest at 4% per annum (2020: 4% per annum) and unsecured.

As of the date of approval of these consolidated financial statements, Bondholder A has been aware of that the Group will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group.

(e) The borrowing balances of HKD189,690,000 previously converted from the Fifth CB (as defined and detailed in Note 45(e) to the consolidated financial statements of the annual report of 2018) subscribed by True Bold upon maturity in 2017 was scheduled to be settled in the following way, according to the amendment agreement dated 29 June 2018:

(i) amount of HKD54,690,000 shall be repaid on or before the year ended 31 December 2018; and

(ii) amount of HKD135,000,000 shall be repaid on or before the year ended 31 December 2019.

Such balance was secured and guaranteed, carried fixed interest rate of 10% per annum.

During the year ended 31 December 2020, total principal amount of HKD18,000,000 (equivalent to RMB16,028,000) was settled. As at 31 December 2020, total principal amount of HKD171,690,000 (equivalent to RMB144,495,000) was overdue.

No settlement was made during the year ended 31 December 2021 and total principal amount of HKD171,690,000 (equivalent to RMB140,374,000) was overdue as at 31 December 2021.

39. BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(e) (Continued)

On 28 March 2022, the Group entered into a supplementary agreement with True Bold, upon the completion of the proposed disposals of the 4 Target Companies, consideration of RMB183 million out of the total consideration of RMB890 million will be pledged to True Bold as collateral.

Upon continuing negotiation and discussion between management of the Company and True Bold, as of the date of approval of these consolidated financial statements, management of True Bold has been aware of the progress and details of the Development Plan that the Company will repay the overdue borrowings with the proceeds received from the disposal of solar power plants held by the Group and they also stand for the Development Plan proposed by management of the Company.

(f) The balances of RMB33,484,000 in relation to the consideration received in advance, which was secured by the Group's equity interest in Jiangsu Changshun and Nine Disposal Entities and guaranteed by the Company, carried fixed interest rate of 9% per annum, as detailed in Note 32 (iii) to the consolidated financial statements of the annual report of 2017.

During the year ended 31 December 2021, the Group settled the principal balance of RMB16,367,000 through Forced Sale of Nine Disposal Entities as detailed in Note 48(c). As at 31 December 2021, principal balance and accrued interest of RMB17,117,000 and RMB145,000 respectively was overdue. Subsequent to the end of the reporting period, the entire outstanding balance was settled through Forced Sale of Nine Disposal Entities.

(g) Included in current liabilities as at 31 December 2020 were the borrowings in relation to the business of manufacturing and sales of LED Products with principal amount of RMB20,000,000 overdue.

During the year ended 31 December 2021, the Group settled the entire outstanding principal balance.

(h) In addition, balance of current liabilities as at 31 December 2021 also included bank and other borrowings with carrying amounts of RMB473,413,000 (2020: RMB1,175,876,000), of which certain loan covenants had been breached. On discovery of the breach, the directors of the Company informed the creditors and commenced a renegotiation of the terms of the borrowings with the relevant creditors. As at 31 December 2021, those negotiations had not been concluded. Since the creditors had not yet agreed to waive its right to demand immediate payment as at the end of the reporting period, the respective borrowings have been classified as current liabilities, accordingly.

(i) The amounts due within one year were classified to scheduled repayment dates set out in the loan agreements or supplementary extension agreement, and included the balances which had been overdue.

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

	2021	2020
Effective interest rate per annum:		
Fixed rate borrowings	**3.00% to 11.00%**	3.00% to 15.00%
Variable rate borrowings	**3.22% to 8.00%**	3.85% to 8.00%

At 31 December 2021 and 2020, the Group had variable-rate borrowings which carried interest based on the benchmark interest rate issued by the PBOC and the Hong Kong Association of Banks. Interest was reset every one month, three months or one year.

The borrowings that were denominated in HKD, the foreign currency other than functional currency of the relevant group entities, were re-translated to RMB and stated for reporting purposes as:

	2021 **RMB'000**	2020 RMB'000
HKD	**1,351,731**	2,105,423

40. CONVERTIBLE BONDS

(a) First CB (as defined below)

On 28 February 2013, the Company issued convertible bonds at par to Peace Link, with principal amount of HKD449,400,000 (equivalent to RMB356,660,000) ("First CB"). The First CB bears no interest and is denominated in HKD with a conversion period of 20 years from the issue date and can be converted into ordinary shares of the Company at HKD0.214 per share, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues.

The holder(s) has the right to require the Company to redeem the outstanding convertible bond at an amount equals to the principal amount of the First CB prior to the twentieth anniversary of the date of issue of the First CB (the "First CB Maturity Date") in the following manner:

(i) up to 5% of the aggregate amount of the First CB, i.e. HKD22,470,000, during the period from the first anniversary of the date of issue of the First CB to the fifth anniversary of the date of issue of the First CB;

(ii) subject to (i) above, up to 10% of the aggregate amount of the First CB, i.e. HKD44,940,000, during the period from the fifth anniversary of the date of issue of the First CB to the tenth anniversary of the date of issue of the First CB; and

(iii) up to 100% of the aggregate amount of the First CB during the period from the date after the tenth anniversary of the date of issue of the First CB to the First CB Maturity Date.

The Company has the right to redeem the outstanding First CB at an amount equals to the principal amount of the First CB prior to the First CB Maturity Date in the following manner:

(i) up to 5% of the aggregate amount of the First CB, i.e. HKD22,470,000, during the period from the first anniversary of the date of issue of the First CB to the fifth anniversary of the date of issue of the First CB;

(ii) subject to (i) above, up to 10% of the aggregate amount of the First CB, i.e. HKD44,940,000, during the period from the fifth anniversary of the date of issue of the First CB to the tenth anniversary of the date of issue of the First CB; and

(iii) up to 100% of the aggregate amount of the First CB during the period from the date after the tenth anniversary of the date of issue of the First CB to the First CB Maturity Date.

On 19 September 2013, the Company signed a supplementary agreement ("Supplementary Agreement") with the holders of the First CB, which modified the original terms of the First CB as follows:

(i) the outstanding amount of the First CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26; and

(ii) the First CB can be converted into ordinary shares of the Company at HKD0.214 using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26 while the principal extinguished upon conversion would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

40. CONVERTIBLE BONDS (Continued)

(a) First CB (as defined below) (Continued)

The First CB was designated as financial liabilities at FVTPL upon initial recognition on 28 February 2013. The First CB was subsequently measured at fair value with changes in fair value recognised in profit or loss up to 19 September 2013. Upon the modification on 19 September 2013 as mentioned above, the original financial liability was extinguished and the fair value of the First CB on 19 September 2013 had been split into liability component and equity conversion component. At modification, the fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond while the equity conversion component was estimated using binomial option pricing model and was included in equity as "convertible bonds equity reserve". The liability component after modification was subsequently measured at amortised costs using the effective interest rate method while the equity conversion component remains in equity until the conversion option is exercised. The effective interest rate of the liability component which was measured at amortised costs was 26.31% per annum.

During the year ended 31 December 2013, principal sum of HKD36,400,000 of the First CB was converted by the bondholder to 170,093,457 ordinary shares of the Company.

During the year ended 31 December 2014, principal sum of HKD47,000,000 of the First CB was converted by the bondholder to 219,626,168 ordinary shares of the Company.

During the year ended 31 December 2015, principal sum of HKD79,400,000 of the First CB was converted by the bondholder to 371,028,037 ordinary shares of the Company.

During the year ended 31 December 2018, principal sum of HKD143,000,000 of the First CB was converted by the bondholder to 668,224,299 ordinary shares of the Company.

The movements of the components of First CB during the years ended 31 December 2021 and 2020 are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds option reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2020	60,379	677,128	737,507
Effective interest expense charged for the year	12,927	–	12,927
At 31 December 2020	73,306	677,128	750,434
Effective interest expense charged for the year	16,288	–	16,288
At 31 December 2021	89,594	677,128	766,722

As at 31 December 2021, the First CB of RMB35,666,000 (2020: RMB35,666,000) was classified as current liability as the early redemption option gives the holder the right to require the Company to redeem 10% (2020: 10%) of the First CB on demand whereas the remaining balance of RMB53,928,000 (2020: RMB37,640,000) was classified as non-current liability.

40. 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"). The Second CB bears fixed interest rate on 8% per annum with interest to be paid annually in arrears at RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26. The Second CB is with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HKD0.922 with pre-determined fixed rate of exchange of RMB1.00 to HKD1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues. The principal extinguished upon conversion and the corresponding unpaid interest to be distributed would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The holder(s) of the Second CB has the right to require the Company to redeem the outstanding Second CB at an amount equals to the principal amount of the Second CB prior to the tenth anniversary of the date of issue of the Second CB (the "Second CB Maturity Date") in the following manner:

(i) up to 20% of the aggregate amount of the Second CB, i.e. HKD186,100,000, during the period from the first anniversary of the date of issue of the Second CB to the fifth anniversary of the date of issue of the Second CB; and

(ii) up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

The Company has the right to redeem the outstanding Second CB at an amount equals to the principal amount of the Second CB prior to the Second CB Maturity Date in the following manner:

(i) up to 20% of the aggregate amount of the Second CB, i.e. HKD186,100,000, during the period from the first anniversary of the date of issue of the Second CB to the fifth anniversary of the date of issue of the Second CB; and

(ii) up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

The outstanding Second CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26

The Second CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds equity reserve". The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Second CB is 20.67% per annum.

40. CONVERTIBLE BONDS (Continued)

(b) Second CB (as defined below) (Continued)

During the year ended 31 December 2015, principal sum of HKD362,000,000 of the Second CB was converted by the bondholder to 392,624,726 ordinary shares of the Company.

During the year ended 31 December 2016, principal sum of HKD100,000,000 of the Second CB was converted by the bondholder to 108,459,869 ordinary shares of the Company.

The components of the Second CB are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds option reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2020, 31 December 2020 and 2021	371,825	118,469	490,294

As at 31 December 2021 and 2020, certain portion of the Second CB of RMB1,710,000 was classified as current liability as the early redemption option gives the holder the right (except for Peace Link has waived such right as detailed below) to require the Company to redeem up to 100% of the aggregate amount of the Second CB during the period from the date after the fifth anniversary of the date of issue of the Second CB to the Second CB Maturity Date.

Meanwhile, as at 31 December 2021 and 2020, the remaining portion of the Second CB of RMB370,115,000 was classified as non-current liability as the Group has obtained intention letter from Peace Link, one of the convertible bondholders of the Second CB, which expressed its consent not to exercise the right to early redemption for a period of 12 months from the end of the reporting period.

(c) Third CB (as defined below)

On 16 April 2014, the Company issued convertible bonds at par to Peace Link and other independent third parties with aggregate principal amount of HKD3,580,000,000 (equivalent to RMB2,841,270,000 as calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26) ("Third CB"). The Third CB bears no interest with a conversion period of 10 years from the issue date and can be converted into ordinary shares of the Company at HKD3.58 with pre-determined fixed rate of exchange of RMB1.00 to HKD1.26, subject to the anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivative issues. The principal extinguished upon conversion and the corresponding unpaid interest to be distributed would be calculated using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

40. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below) (Continued)

The holder(s) of the Third CB has the right to require the Company to redeem the outstanding Third CB at an amount equals to the principal amount of the Third CB prior to the tenth anniversary of the date of issue of the Third CB (the "Third CB Maturity Date") in the following manner:

(i) up to 20% of the aggregate amount of the Third CB, i.e. HKD716,000,000, during the period from the first anniversary of the date of issue of the Third CB to the fifth anniversary of the date of issue of the Third CB; and

(ii) up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB Maturity Date.

The Company has the right to redeem the outstanding Third CB at an amount equals to the principal amount of the Third CB prior to the Third CB Maturity Date in the following manner:

(i) up to 20% of the aggregate amount of the Third CB, i.e. HKD716,000,000, during the period from the first anniversary of the date of issue of the Third CB to the fifth anniversary of the date of issue of the Third CB; and

(ii) up to 100% of the aggregate amount of the Third CB during the period from the date after the fifth anniversary of the date of issue of the Third CB to the Third CB Maturity Date.

The outstanding Third CB would be redeemed or repaid in RMB using pre-determined fixed rate of exchange of RMB1.00 to HKD1.26.

The Third CB contained two components, liability and equity elements. The initial fair value of the liability component and the equity conversion component was determined based on net proceeds at issuance. The fair value of the liability component was calculated by using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, was included in equity as "convertible bonds option reserve". The liability component was subsequently measured at amortised cost using the effective interest rate method. The effective interest rate of the Third CB is 21.31% per annum.

40. CONVERTIBLE BONDS (Continued)

(c) Third CB (as defined below) (Continued)

During the year ended 31 December 2014, principal sum of HKD1,432,000,000 of the Third CB was converted by the bondholder to 400,000,000 ordinary shares of the Company.

The movements of the components of the Third CB during the years ended 31 December 2021 and 2020 are set out below:

	Liability component at amortised cost RMB'000	Convertible bonds option reserve RMB'000	Total RMB'000
Carrying amount at 1 January 2020	69,211	84,253	153,464
Effective interest expense charged for the year	14,797	–	14,797
At 31 December 2020	84,008	84,253	168,261
Effective interest expense charged for the year	17,906	–	17,906
At 31 December 2021	101,914	84,253	186,167

Notes:

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

Upon receipt of the commitment confirmation letter and the deed of undertaking from each of the Third CB holders on 1 September 2014, the directors of the Company considered that the expected future cash flows of the Third CB had been changed and the original estimate of the amortisation period on the basis of the earliest date on which the entity can be required to pay (i.e., for a shorter period of 1 year and 5 years for the 20% and the remaining 80% of the aggregate amount of the Third CB, respectively) was no longer appropriate, and revised the estimate of the amortisation period till Third CB Maturity Date (i.e., for a period of 10 years) accordingly.

The liability component of the Third CB was therefore re-measured on 1 September 2014 by discounting the revised estimated cash flows at the Third CB's original effective interest rate, and resulted in a change in carrying amount of the liability component of the Third CB by RMB992,024,000, which required the adjustment to be recognised in the profit or loss for the year ended 31 December 2014 in accordance with IAS 39.

(b) In 2019, Peace Link, one of the bondholders and a company beneficially owned by Mr. Cheng, has entered into a legally binding deed of waiver and undertaking in favour of the Company, pursuant to which Peace Link, conditional upon completion of the disposal of the 2019 Disposal Group, agreed to waive the repayment and redemption obligations of the Company in respect of principal amount of HKD1,948,000,000 (equivalent to RMB1,546,032,000) of the Third CB held by Peace Link for no consideration. The Third CB originally will be matured on 15 April 2024. The waiver of the Third CB had became effective since 14 October 2019.

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

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

40. CONVERTIBLE BONDS (Continued)

Liability components in respect of all the convertible bonds issued by the Company analysed for reporting purpose as:

	2021 RMB'000	2020 RMB'000
Within one year classified as current liabilities	**37,376**	37,376
In more than one year but not more than two years	**424,043**	370,115
In more than two years but not more than five years	**101,914**	121,648
Total non-current liabilities	**525,957**	491,763
	563,333	529,139

41. BOND PAYABLES

	2021 RMB'000	2020 RMB'000
Analysed for reporting purpose:		
Current liabilities	**585,372**	618,363

The proceeds from the bond payables issued were used to finance the acquisition of property, plant and equipment, capital expenditure on solar power plants, and to fund working capital for general operation.

2015 Corporate Bond

On 10 November 2015, Shunfeng Investment, a subsidiary of the Company, issued a 3-year corporate bond at par to certain independent third parties in the principal amount of RMB550,000,000. The corporate bond was unsecured but guaranteed by the Company, carried fixed interest of 7.8% per annum, and with the maturity date on 10 November 2018.

On 10 November 2018, the outstanding principal sum of RMB550,000,000 of the 3-year corporate bond, together with the unpaid interest of RMB42,900,000, totalling RMB592,900,000 was matured, and the Group had repaid all interest of RMB42,900,000 to the bondholders. In addition, the Group had entered into a supplementary agreement with the bondholders, to extend the maturity date of the corporate bond to 9 November 2019, carried fixed interest rate of 7.8%.

During the year ended 31 December 2020, total principal amount of RMB187,100,000 has been settled.

During the year ended 31 December 2021, total principal amount of RMB32,991,000 has been settled to one bondholder of the 2015 Corporate Bond.

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

41. BOND PAYABLES (Continued)

2015 Corporate Bond (Continued)

Further, a freezing order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries as described in Note 1(b) have been put under the freezing order. As at 31 December 2021, the total principal amount of RMB329,909,000 and accrued bond interest of RMB68,548,000 were overdue. In April 2022, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

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

2016 Corporate Bond

In addition, on 22 June 2016, Shunfeng Investment issued a 2-year corporate bond at par to certain independent third parties in the principal amount of RMB450,000,000 and to Wuxi Suntech Power Co., Ltd, another subsidiary of the Company, in the principal amount of RMB50,000,000. The corporate bond is unsecured but guaranteed by the Company, carried fixed interest of 7.7% per annum, and with the maturity date on 22 June 2018. During the year ended 31 December 2017, principal amount of RMB20,000,000 of the corporate bond held by Wuxi Suntech Power Co., Ltd was transferred at par value to an independent financial institution.

On 22 June 2018, the outstanding principal sum of RMB500,000,000 of the 2-year corporate bond, together with the unpaid interest of RMB38,500,000, totalling RMB538,500,000 was matured. The Group has repaid an aggregate settlement of RMB194,500,000 (including the principal sum of RMB156,000,000 and interest of RMB38,500,000). Then the Group has entered into a supplementary agreement with the bondholder during the year ended 31 December 2018 and has agreed with the bondholder by the following ways of settlement:

- the repayment date of RMB60,000,000 of the principal is extended to 22 September 2018;

- the repayment date of RMB284,000,000 of the principal is extended to 22 March 2019.

During the year ended 31 December 2018, the first instalment of RMB60,000,000 was fully settled subsequent to the extension. During the year ended 31 December 2019, only partial settlement in the principal amount of RMB8,537,000 and interest of RMB11,463,000 in respect of the second instalment was made by the Group. The Group and the bondholder had entered into another supplementary agreement dated 25 April 2019 to further extend the due date to 25 April 2020.

On 25 April 2020, the Group had entered into an extension agreement with the bondholder agreed conditionally to extend the due date to the time that a sufficient amount of consideration received by the Group from the disposal of the 11 Target Companies or on or before 25 October 2020, whichever is earlier.

During the year ended 31 December 2020, total principal amount of RMB20,000,000 has been settled. On 25 October 2020, the Group had entered into an extension agreement with the bondholder agreed conditionally to further extend the due date of outstanding principal of RMB255,463,000 to 25 April 2021. On 31 May 2021, the Group had entered into an extension agreement with the bondholder and agreed to further extend the due date of outstanding principal of RMB255,463,000 to 25 October 2021.

As at 31 December 2021, the outstanding principal of RMB255,463,000 carried interest rate of 7.7% per annum was secured by a security deposit of RMB107,000,000 (2020: RMB107,000,000) as detailed in Note 28 and the accrued bond interest of RMB61,912,000 (2020: RMB42,241,000) was overdue.

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

42. DEFERRED TAX LIABILITIES

The following is the deferred tax liabilities recognised and movements thereon for the years ended 31 December 2021 and 2020:

	Valuation of long-term assets RMB'000
At 1 January 2020	(3,652)
Credited to profit or loss	97
At 31 December 2020	(3,555)
Credited to profit or loss	65
Elimination on disposal of Lattice Power Group (Note 48(a))	3,490
At 31 December 2021	–

As at 31 December 2021, the Group has unrecognised tax losses of RMB896,715,000 (2020: RMB951,402,000) available for offset against future profits, which will expire from each of the year 2022 to 2031 (2020: 2021 to 2030). No deferred tax asset has been recognised in respect of above tax losses due to the unpredictability of future profit streams.

As at 31 December 2021, the Group has deductible temporary differences of RMB893,469,000 (2020: RMB1,790,914,000) not recognised as deferred tax assets as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the Law of the People's Republic of China on EIT, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2021, deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB20,231,000 (2020: RMB54,820,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

43. SHARE CAPITAL

Authorised:

	Number of shares	Amount
		HKD
At 1 January 2020, 31 December 2020 and 2021 – Ordinary shares of HKD0.01 each	10,000,000,000	100,000,000

Issued and fully paid:

	Number of shares	Amount
		HKD
At 1 January 2020, 31 December 2020 and 2021	4,982,375,490	49,823,755

	2021	2020
	RMB'000	RMB'000
Presented in the consolidated financial statements as	**40,756**	40,756

44. NON-CONTROLLING INTERESTS

	2021	2020
	RMB'000	RMB'000
At 1 January	**1,557,436**	1,453,733
Profit and total comprehensive income for the year	**54,052**	50,783
Transfer of profit for the year in relation to Jiangsu Changshun and Nine Disposal Entities to non-controlling interests (Note 4(i)(e))	**43,113**	52,920
Forced Sale of Nine Disposal Entities	**(1,347,575)**	–
Disposal of Lattice Power Group (Note 48(a))	**(312,429)**	–
Contribution from a non-controlling shareholder (Note)	**100,000**	–
At 31 December	**94,597**	1,557,436

Note:

Pursuant to the shareholder cooperation agreement, Shanghai Hengjin Power Technology Co., Ltd.# (上海恒勁動力科技有限公司) ("Shanghai Hengjin"), a non-controlling shareholder of Shunfeng Hengjin Hydrogen Energy Development (Shanghai) Co., Ltd.# (順風恒勁氫能源發展(上海)有限公司) ("Shunfeng Hengjin"), has to inject RMB100,000,000 in Shunfeng Hengjin as capital. The injection shall be satisfied by transfer of certain patents and technology to Shunfeng Hengjin. In September 2021, Shanghai Hengjin injected certain patents at a fair value of RMB142,453,000 to Shunfeng Hengjin as capital. The excess portion of RMB42,453,000 shall be repaid by Shunfeng Hengjin to Shanghai Hengjin by three installments. As at 31 December 2021, the first instalment of RMB12,453,000 was settled, whereas the remaining portion of RMB30,000,000 was recognised in "Amounts due to related parties". The fair value of intangible assets with remaining useful lives of 10 years as at date of injection was determined by Royson Valuation Advisory Limited, an independent valuer, by relief from royalty method.

English name is for identification purpose only

44. NON-CONTROLLING INTERESTS (Continued)

The table below shows details of the non wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit attributable to non-controlling interests		Accumulated non-controlling interests	
		2021	2020	2021	2020	2021	2020
				RMB'000	RMB'000	RMB'000	RMB'000
Jiangsu Changshun and Nine Disposal Entities	The PRC	–	100%	43,113	52,920	–	1,304,461
Lattice Power Group	The PRC	–	42%	59,455	50,659	–	252,975
Shunfeng Hengjin	The PRC	29%	29%	(5,403)	–	94,597	–

Summarised financial information in respect of Jiangsu Changshun and Nine Disposal Entities, Lattice Power Group and Shunfeng Hengjin is set out below. The summarised financial information below represents amounts before intragroup eliminations.

44. NON-CONTROLLING INTERESTS (Continued)

Jiangsu Changshun and Nine Disposal Entities	**At 31 December 2020** RMB'000
Current assets	1,324,581
Non-current assets	1,120,748
Current liabilities	(830,252)
Non-current liabilities	(310,616)
Equity attributable to owners of the Company (Note)	–
Non-controlling interests	1,304,461

	Year ended 31 December 2020 RMB'000
Revenue	181,191
Cost of sales	(98,891)
Other income	78
Expenses	(29,458)
Profit for the year	52,920
Profit and total comprehensive income attributable to owners of the Company	–
Profit and total comprehensive income attributable to non-controlling interests	52,920
Profit and total comprehensive income for the year	52,920
Dividends paid to non-controlling interests	–
Net cash inflows from operating activities	45,090
Net cash outflows from investing activities	(43,680)
Net cash outflows from financing activities	(4,439)
Net cash outflows	(3,029)

Note:

The legal ownership in respect of the 100% entire equity interest of Jiangsu Changshun and the Nine Disposal Entities will be transferred back to the Group once upon the completion of 1) repayment of the outstanding balance of RMB16,367,000 together with the relevant interest by the Group to Chongqing Future; and 2) repayment of the borrowings of RMB666,000,000 together with the relevant interest by the Group to Chongqing Trust.

44. NON-CONTROLLING INTERESTS (Continued)

Lattice Power Group	At 31 December 2020 RMB'000
Current assets	513,219
Non-current assets	276,849
Current liabilities	(205,334)
Non-current liabilities	(3,577)
Equity attributable to owners of the Company	328,182
Non-controlling interests	252,975

	Year ended 31 December 2020 RMB'000
Revenue	561,898
Cost of sales	(321,707)
Other income (Note)	34,151
Expenses	(155,156)
Profit for the year (Note)	119,186
Profit attributable to owners of the Company	68,527
Profit attributable to non-controlling interests	50,659
	119,186
Other comprehensive income attributable to owners of the Company	84
Other comprehensive income attributable to non-controlling interests	124
Other comprehensive income for the year	208
Total comprehensive income attributable to owners of the Company	68,611
Total comprehensive income attributable to non-controlling interests	50,783
Total comprehensive income for the year	119,394
Dividends paid to non-controlling interests	–
Net cash inflows from operating activities	182,968
Net cash inflows from investing activities	43,023
Net cash outflows from financing activities	(124,500)
Net cash inflows	101,491

Note:

The amounts included the gain of RMB6,262,000 on changes in fair value of derivative financial liabilities before intragroup eliminations for the year ended 31 December 2020.

44. NON-CONTROLLING INTERESTS (Continued)

Shunfeng Hengjin

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**2,424**	16,067
Non-current assets	**126,411**	–
Current liabilities	**(47,629)**	(16,067)
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**(13,391)**	–
Non-controlling interests	**94,597**	–

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**–**	–
Cost of sales	**–**	–
Other income	**–**	–
Expenses	**(18,794)**	–
Loss for the year	**(18,794)**	–
Loss and total comprehensive income attributable to owners of the Company	**(13,391)**	–
Loss and total comprehensive income attributable to non-controlling interests	**(5,403)**	–
Loss and total comprehensive income for the year	**(18,794)**	–
Dividends paid to non-controlling interests	**–**	–
Net cash inflows from operating activities	**8**	–
Net cash inflows	**8**	–

45. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 RMB'000	2020 RMB'000
Non-current assets		
Investment in subsidiaries	**1**	1
Amounts due from subsidiaries	**908,758**	2,209,007
	908,759	2,209,008
Current assets		
Other receivables	**4,729**	25,587
Bank balances and cash	**18,868**	1,405
	23,597	26,992
Current liabilities		
Bank and other borrowings	**811,297**	1,105,850
Convertible bonds	**37,376**	37,376
Other payables	**247,430**	182,268
Amounts due to subsidiaries	**854**	–
Provision	**190,017**	178,646
	1,286,974	1,504,140
Net current liabilities	**(1,263,377)**	(1,477,148)
Total assets less current liabilities	**(354,618)**	731,860
Capital and reserves		
Share capital	**40,756**	40,756
Reserves	**(921,331)**	199,341
(Capital deficiency)/Total equity	**(880,575)**	240,097
Non-current liability		
Convertible bonds	**525,957**	491,763
	(354,618)	731,860

45. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

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

	Share premium RMB'000	Special reserve RMB'000	Convertible bonds equity reserve RMB'000	Accumulated deficits RMB'000	Total RMB'000
At 1 January 2020	6,076,424	886,661	879,850	(7,507,915)	335,020
Loss and total comprehensive income for the year	—	—	—	(135,679)	(135,679)
At 31 December 2020	6,076,424	886,661	879,850	(7,643,594)	199,341
Loss and total comprehensive income for the year	–	–	–	(1,120,672)	(1,120,672)
At 31 December 2021	6,076,424	886,661	879,850	(8,764,266)	(921,331)

46. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of Lattice Power Group:

On 18 April 2006, Lattice Power Corporation approved the 2006 Global Share Plan (the "2006 ESOP") and common shares of Lattice Power Corporation were reserved to grant to its employees, directors and consultants in certain years. As of 5 August 2015, a total number of 28,000,000 options have been granted to the employees, directors and consultants of Lattice Power Group.

On 6 August 2015, the date on which Lattice Power Group was acquired by the Group, pursuant to the agreement entered into between the Company and the ESOP Sellers, the Company acquired from the ESOP Sellers 14,280,000 common shares of Lattice Power Corporation, which were converted from 51% of the outstanding options granted (the "51% ESOP Completion").

The 2006 ESOP was terminated prior to the 51% ESOP Completion but the remaining 49% of the outstanding options, with a total number of 13,720,000 convertible shares in accordance with the original terms according to the 2006 ESOP would continue to be valid after the 51% ESOP Completion ("49% Outstanding Options").

46. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Group: (Continued)

Exercise Price

The exercise price varies depend on the time period when the options were granted:

	From June 2007 to January 2010	From March 2010 to July 2011	From November 2011 to December 2013	From January 2015 to April 2015
Exercise price	USD0.20	USD0.50	USD1.00	USD1.05

Vesting Schedule

Subject to the participant's continued status as employees through each of the applicable vesting dates and to the extent permitted by applicable law, the options are exercisable, in whole or in part, in accordance with the following schedule:

The full vesting period is 4 years since the vesting commencement date. Twenty five percent of the option shall vest on the one year anniversary of the vesting commencement date, and 1/48 of the shares shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to participant continuing to be an employee through each vesting date.

As at 6 August 2015, 4,391,694 options were vested and 9,328,306 options were unvested. The vesting periods of the unvested options are from 7 August 2015 to 30 April 2019.

The exercise periods range from 1 January 2020 to 29 April 2025 and from 1 January 2019 to 29 April 2025 for the options outstanding as at 24 December 2021 (date of disposal) and 31 December 2020 respectively. The weighted average remaining contractual terms of options outstanding as at 24 December 2021 (date of disposal) is 3.35 years (2020: 4.33 years).

Upon termination as employees (except as provided below), the maximum time to exercise option is 3 months after termination. Upon termination as employees due to disability or death, the maximum time to exercise option is 12 months after termination. The option may only be exercised to shares that have vested as of the date of the participant's termination as a service provider and in no event may the option be exercised after the expiration date. It is the participant's responsibility to exercise the option, if the participant so desires, before it expires or terminates.

46. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Group: (Continued)

Vesting Schedule (Continued)

The following table discloses movements of the 49% Outstanding Options for the year ended 31 December 2020 and from 6 August 2015 (date of the Group's acquisition of Lattice Power Group) to 24 December 2021 (date of disposal of Lattice Power Group):

	Number of options	Weighted average exercise price per option
Outstanding on 6 August 2015	13,720,000	USD0.93
Exercised	1,960	USD0.52
Outstanding on 31 December 2016, 2017, 2018, 2019 and 2020 and 24 December 2021	13,718,040	USD0.93
Exercisable on 31 December 2016	7,857,279	USD0.78
Exercisable on 31 December 2017	10,546,927	USD0.85
Exercisable on 31 December 2018	12,750,037	USD0.88
Exercisable on 31 December 2019	13,718,040	USD0.90
Exercisable on 31 December 2020	13,718,040	USD0.90
Exercisable on 24 December 2021 (date of disposal)	13,718,040	USD0.90

As at 6 August 2015, the outstanding share-based payment transactions of Lattice Power Corporation are not exchanged by the Group and are measured at their market-based measure at the acquisition date.

46. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of Lattice Power Group: (Continued)

Vesting Schedule (Continued)

These fair values on 6 August 2015 were calculated using the Binomial model. The inputs into the model were as follows:

	Remeasurement of vested portion	Remeasurement of unvested portion
Applicable share value	RMB30.92	RMB30.92
Exercise price	USD0.20–USD1.05	USD1.00–USD1.05
Expected volatility	49.82%–56.49%	51.73%–56.49%
Expected life	1.82–9.73 years	6.24–9.73 years
Risk-free rate	2.53%–3.43%	3.31%–3.43%
Expected dividend yield	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%
Total fair value on 6 August 2015	RMB76,402,000	RMB235,295,000

The applicable share value was estimated based on the acquisition share price of Lattice Power Corporation.

Expected volatility was determined by using the average of industry annualised historical stock price volatilities as at 6 August 2015. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The estimations on expected dividend yield and forfeiture rate are based on the historical experience of Lattice Power Corporation.

The fair value of vested portion amounting to RMB76,402,000 are included as part of the non-controlling interest in Lattice Power Corporation. The market-based measure of the unvested portion of RMB34,977,000 is allocated to the non-controlling interest in Lattice Power Corporation based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of those share options. The balance of RMB200,318,000 in respect of the unvested portion will be recognised as remuneration cost for post-combination service.

The Group disposed of 58% of the equity interest in Lattice Power Group during the year ended 31 December 2021 and the share-based payment reserve was transferred to accumulated deficits.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate as assisted by an independent professional valuer.

47. ACQUISITION OF ASSETS

For the year ended 31 December 2020

On 17 September 2020, the Group acquired 100% of the equity interests in Xinjiang Puxin Cheng Da at a cash consideration of RMB54,906,000.

Puxin Cheng Da possessed the right to payment of tariff subsidies generated from a solar power plant operated by the Group's subsidiary, Wujiaqu Xuyang Photovoltaic Power Generation Co., Ltd ("Wujiaqu Xuyang") since 2015. As at 17 September 2020, an amount of RMB159,395,000 was recorded as tariff receivable in the book of Puxin Cheng Da with respect to sales of electricity from 2015 to the date of acquisition generated by the solar power plant operated by Wujiaqu Xuyang. Management of the Company is of the opinion that such receivable is not recognised in the consolidated financial statements of the Group after acquiring Puxin Cheng Da since this may result in the recognition of income that may never be realised. The Group recognised the sum of RMB16,614,000 (2020: RMB10,161,000) received from the state grid companies during the year ended 31 December 2021 after the acquisition as other income (Note 7) since the realisation of income is virtually certain.

As at the date of acquisition, Puxin Cheng Da did not engage in any business or operation. Given the underlying set of assets acquired were not integrated in forming businesses to generate revenue, the directors of the Company are of the opinion that the acquisition was purchase of net assets which did not constitute business combinations for accounting purpose.

The identifiable assets and liabilities of Puxin Cheng Da as at the date of acquisition are as follows:

	RMB'000
Assets:	
Property, plant and equipment	42,794
Right-of-use assets	12,749
Receivables at FVTOCI	1,000
Bank balances and cash	26,517
	83,060
Liabilities	
Trade and other payables	(28,154)
Net assets acquired	54,906
Satisfied by:	
Cash consideration	54,906
Net cash outflows arising on acquisition:	
Cash consideration	(54,906)
Less: Cash and cash equivalents acquired	26,517
	(28,389)

48. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2021

(a) Disposal of the Lattice Power Group

As referred to in Note 12, the Group completed the disposal of the Lattice Power Group during the year ended 31 December 2021. The disposals of Lattice Power (Jiangxi) Group and Lattice Power Corporation are accounted for as a linked transaction and the aggregate amount of net assets at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	228,128
Right-of-use assets	53,501
Intangible assets	254
Financial assets at FVTPL	12,545
Other non-current assets	17,183
Inventories	116,631
Trade and other receivables	212,176
Value-added tax recoverable	4,007
Receivables at FVTOCI	20,831
Prepayments to suppliers	16,077
Restricted bank deposits	51,068
Bank balances and cash	294,207
Trade and other payables	(282,388)
Contract liabilities	(18,370)
Lease liabilities	(94)
Tax liabilities	(4,509)
Bank and other borrowings	(10,000)
Deferred tax liabilities	(3,490)
Net assets disposed of	707,757
Less: non-controlling interests	(312,429)
Release of exchange reserve	(4,878)
Release of FVTOCI reserve	140
Loss on disposal of subsidiaries included in profit or loss	(30,539)
	360,051
Satisfied by:	
Cash consideration	360,051
Net cash inflows arising on disposal:	
Cash consideration	360,051
Less: bank balances and cash disposed of	(294,207)
	65,844

48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2021 (Continued)

(b) Disposals of the 2 entities out of the 7 Target Companies

As referred to in Note 26(i), the Group completed the disposals of the 2 entities out of the 7 Target Companies, being Maigaiti and Zhongjiancai, during the year ended 31 December 2021. The proceeds arising from the disposal of Maigaiti and Zhongjiancai were RMB112,647,000, comprising the following:

- the cash consideration of RMB13,000,000, to be payable by China Power Investment to the Group by three tranches; and
- relevant payables representing the relevant amounts payable by Maigaiti and Zhongjiancai to the Group by two tranches. The relevant payables were amounted to RMB99,647,000 as at disposal dates.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 24 November 2021.

The aggregate amount of net assets of Maigaiti and Zhongjiancai at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	195
Right-of-use assets	1,914
Solar power plants	221,893
Value-added tax recoverable	2,291
Trade and other receivables	124,617
Restricted bank deposits	29
Trade and other payables	(18,911)
Bank and other borrowings	(194,000)
Net assets disposed of	138,028
Loss on disposal of subsidiaries included in profit or loss	(25,381)
	112,647
Satisfied by:	
Consideration receivables from disposal (Note 28 (iii))	112,647

No settlement was made during the year ended 31 December 2021 and the entire consideration receivables was included in "Trade and other receivables" as at 31 December 2021.

48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2021 (Continued)

(c) Forced Sale of Nine Disposal Entities

On 1 December 2021, the Group received a notice ("Notice") from Chongqing Trust that they had disposed of Nine Disposal Entities which had been pledged as collateral to an independent third party at aggregate cash consideration of RMB1,166,688,000 (the "Forced Sale"). According to the Notice, Chongqing Trust will receive the sale proceeds from the purchaser and it will be used to repay the outstanding principal and accrued interest on other borrowings from Chongqing Trust and Chongqing Future. The excess balance will be returned to the Group. Consequently, the Group will receive RMB429,359,000 from Chongqing Trust. Following the Forced Sale, the Nine Disposal Entities ceased to be subsidiaries of the Group and its financial performance and financial position will not be consolidated.

The aggregate amount of net assets of Nine Disposal Entities at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	1,251
Right-of-use assets	15,238
Solar power plants	1,071,792
Other non-current assets	3,680
Value-added tax recoverable	175
Trade and other receivables	623,345
Receivables at FVTOCI	437
Restricted bank deposits	15,819
Trade and other payables	(55,609)
Tax liabilities	(819)
Bank and other borrowings	(284,683)
Net assets disposed of	1,390,626
Loss on disposal of subsidiaries included in profit or loss	(223,938)
	1,166,688
Satisfied by:	
Consideration receivables from Forced Sale (Note 28(iv))	429,359
Set-off of other borrowings – Chongqing Trust	666,000
Set-off of other borrowings – Chongqing Future	16,367
Set-off of other payables and accrual – accrued interest	54,962
	1,166,688

Out of total consideration of RMB1,166,688,000, RMB737,329,000 was applied to settle the other borrowings and accrued interest payable to Chongqing Trust and Chongqing Future during the year ended 31 December 2021 whereas the remaining balance of RMB429,359,000 was included in "Trade and other receivables" as at 31 December 2021.

48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2021 (Continued)

(d) Disposal of Yangyuan Juge

On 28 December 2021, the Group has entered into a sale and purchase agreement with Anhui Province Wanneng Energy Exchange Co., Ltd#(安徽省皖能能源交易有限公司)("Anhui Wanneng") pursuant to which the Group had conditionally agreed to sell, and Anhui Wanneng had conditionally agreed to purchase 100% of the equity interest in Yangyuan Juge Photovoltaic Technology Co., Ltd#(陽原聚格光電科技有限公司)("Yangyuan Juge"), which owned and operated a solar power plant in the PRC. The proceeds arising from the disposal were RMB19,703,000, comprising the following:

- the cash consideration of RMB13,690,000, to be payable by Anhui Wanneng to the Group by two tranches;

- relevant payable of RMB6,013,000 representing the relevant amount payable by Yangyuan Juge to the Group by two tranches.

The disposal was completed on 29 December 2021. The net assets of Yangyuan Juge at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	46
Right-of-use assets	2,640
Solar power plants	258,027
Value-added tax recoverable	39,283
Contract assets	63,464
Trade and other receivables	1,580
Restricted bank deposits	4,272
Trade and other payables	(61,658)
Bank and other borrowings	(265,448)
Net assets disposed of	42,206
Loss on disposal of a subsidiary included in profit or loss	(22,503)
	19,703
Satisfied by:	
Cash consideration received	3,000
Consideration receivables from disposal (Note 28(iii))	16,703
	19,703
Net cash inflows arising on disposal:	
Cash consideration	3,000

Out of total consideration of RMB19,703,000, RMB3,000,000 was settled in cash during the year ended 31 December 2021 whereas the remaining balance of RMB16,703,000 was included in "Trade and other receivables" as at 31 December 2021.

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48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2020

(e) Disposals of the 11 Target Companies

The Group completed the disposal of the i) Hami Hengxin New Energy Technology Co., Ltd.# (哈密恒鑫新能源科技有限公司) ("Hami Hengxin"), ii) Hami Junxin Photovoltaic Power Generation Co., Ltd.# (哈密浚鑫光伏發電有限公司) ("Hami Junxin"), iii) Hami Tianhong Solar Power Technology Co., Ltd.# (哈密天宏陽光太陽能科技有限公司) ("Hami Tianhong"), iv) Hami Yixin New Energy Technology Co., Ltd.# (哈密益鑫新能源科技有限公司) ("Hami Yixin"), v) Hebei Guowei New Energy Technology Co., Ltd.# (河北國威新能源科技有限公司) ("Hebei Guowei"), vi) Jinchang Zhongke New Energy Co., Ltd.# (金昌市中科新能源有限公司) ("Jinchang Zhongke"), vii) Pingluo Zhongdianke Energy Co., Ltd.# (平羅中電科能源有限公司) ("Pingluo Zhongdianke"), viii) Shangde (Hami) Solar Power Generation Co., Ltd.# (尚德(哈密)太陽能發電有限公司) ("Shangde (Hami)"), ix) Sunan Yugur Autonomous County Zhongneng Changyeyuan Co., Ltd.# (肅南裕固族自治縣中能產業園有限公司) ("Sunan Yugur"), x) Wuwei Jiuyuan Metal Components Co., Ltd.# (武威久源金屬構件有限公司) ("Wuwei Jiuyuan") and xi) Wuwei Huadong Zhonghe New Energy Co., Ltd.# (武威華東眾合新能源有限公司) ("Wuwei Huadong"), (collectively referred to as the "11 Target Companies") during the year ended 31 December 2020. The net assets of the 11 Target Companies at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	362
Right-of-use assets	87,432
Solar power plants	3,518,553
Other non-current assets	2,169
Value-added tax recoverable	120,092
Trade and other receivables	958,766
Receivables at FVTOCI	6,825
Restricted bank deposits	4,253
Bank balances and cash	814
Trade and other payables	(338,693)
Tax liabilities	(2,535)
Bank and other borrowings	(2,022,184)
Deferred income	(7,461)
Lease liabilities	(50,173)
Impairment loss recognised on asset classified as held for sale as at 31 December 2019	(851,428)
Net assets disposed of	1,426,792
Loss on disposal of subsidiaries included in profit or loss	(31,939)
	1,394,853
Satisfied by:	
Cash consideration	641,420
Dividend payables	196,848
Relevant payables	556,585
	1,394,853
Net cash inflows arising on disposal:	
Cash consideration	641,420
Less: bank balances and cash disposed of	(814)
	640,606

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48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

(e) Disposals of the 11 Target Companies (Continued)

Out of remaining consideration of RMB188,507,000, RMB155,718,000 was settled in cash during the year ended 31 December 2021 whereas the remaining balance of RMB32,789,000 was included in "Trade and other receivables" as at 31 December 2021.

(f) Disposals of the 6 Target Companies

On 16 March 2020, Jiangxi Shunfeng and Shanghai Shunneng Investment Co., Ltd#（上海順能投資有限公司）("Shanghai Shunneng"), two indirect wholly-owned subsidiaries of the Company, entered into 6 sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd. ("Zhengtai") pursuant to which Jiangxi Shunfeng and Shanghai Shunneng have conditionally agreed to sell, and Zhengtai has conditionally agreed to purchase 100% of the equity interest in Akesu Datang New Energy Co., Ltd.#（阿克蘇大唐新能源有限公司）, Yuepuhu Gaoke New Energy Power Generation Co., Ltd.#（岳普湖高科新能源發電有限公司）, Heshuo Hengxin New Energy Technology Co., Ltd.#（和碩恒鑫新能源科技有限公司）, Tulufan Lianxing New Energy Co., Ltd.#（吐魯番聯星新能源有限公司）, Wensu Riyuehui New Energy Co., Ltd.#（溫宿縣日月輝新能源有限公司）, and Hejing Yixin New Energy Technology Co., Ltd.#（和靜益鑫新能源科技有限公司）, (collectively referred to as the "6 Target Companies"), which owned and operated 6 solar power plants in the PRC. The proceeds arising from of the disposal of the 6 Target Companies were RMB509,392,000, comprising the following:

- the cash consideration of RMB181,140,000, to be payable by Zhengtai to the Group by three tranches;
- relevant payables representing the relevant amounts payable by the relevant 6 Target Companies to the Group by three to four tranches. The relevant payables were amounted to RMB328,252,000 as at disposal dates.

Details of terms and conditions in respect of payment of consideration and relevant payables to the Group were set out in the circular of the Company "Very Substantial Disposal" dated 15 June 2020.

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48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

(f) Disposals of the 6 Target Companies (Continued)

The Group completed the disposals of the 6 Target Companies during the year ended 31 December 2020. The net assets of the 6 Target Companies at the respective disposal dates were as follows:

	RMB'000
Property, plant and equipment	202
Right-of-use assets	44,264
Solar power plants	986,210
Value-added tax recoverable	12,997
Trade and other receivables	340,598
Receivables at FVTOCI	500
Bank balances and cash	2,313
Trade and other payables	(103,362)
Bank and other borrowings	(553,634)
Net assets disposed of	730,088
Loss on disposal of subsidiaries included in profit or loss	(220,696)
	509,392
Satisfied by:	
Cash consideration	181,140
Relevant payables	328,252
	509,392
Net cash inflows arising on disposal:	
Cash consideration	181,140
Less: bank balances and cash disposed of	(2,313)
	178,827

Out of remaining consideration of RMB59,153,000, RMB51,755,000 was settled in cash during the year ended 31 December 2021 whereas the remaining balance of RMB7,398,000 was included in "Trade and other receivables" as at 31 December 2021.

48. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 December 2020 (Continued)

(g) Deemed disposal of Jinta Wancheng

Jinta Wancheng was a non wholly-owned subsidiary of the Company. As at 31 December 2019, in respect of the bank and other borrowings, a principal balance of RMB490,000,000 was advanced from JIC Trust Co., Ltd# (中建投信託有限公司) to Jinta Wancheng. Such loan was overdue on 16 August 2019. Jinta Wancheng received the first-instance judgement from High People's Court of Zhejiang in January 2020 regarding the overdue borrowings.

On 26 July 2020, Jinta Wancheng received a petition filed by its creditor for an order that Jinta Wancheng maybe wound up by the High People's Court of Gansu. The petition was filed against the Jinta Wancheng for its failure to settle a sum of approximately RMB237 million for EPC payable of solar power plants.

On 5 November 2020, the Intermediate People's Court of Jiu Quan agreed a restructuring plan submitted by the receiver, pursuant to which an independent third party of the Group, ZSEC, agreed to acquire the entire equity interest of Jinta Wancheng at a zero consideration. ZSEC will inject RMB707,150,000 to Jinta Wancheng for repayment of liabilities, any balance due over this amount will become irrecoverable and waived. The receiver has allocated the injected fund based on the priority of debts. Consequently, the Group will receive RMB24,212,000 for repayment of intercompany loan. Following the restructuring plan implemented by the Intermediate People's Court of Jiu Quan, Jinta Wancheng ceased to be a subsidiary of the Company and its financial performance and financial position will not be consolidated.

The net assets of Jinta Wancheng at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	29
Solar power plants	727,399
Right-of-use assets	14,211
Trade and other receivables	256,757
Value-added tax recoverable	74,347
Bank balances and cash	3
Trade and other payables	(479,480)
Bank and other borrowings	(490,000)
Net assets disposed of	103,266
Loss on disposal of subsidiaries included in profit or loss	(79,054)
	24,212
Satisfied by:	
Relevant receivables	24,212
Net cash outflows arising on disposal:	
Cash consideration	–
Less: bank balances and cash disposed of	3
	(3)

Consideration of RMB933,000 and RMB23,279,000 was settled in cash during the year ended 31 December 2020 and 2021 respectively.

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49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

	2021 **RMB'000**	2020 RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	**1,035,174**	1,761,297
Receivables included in other non-current assets	**23,033**	101,483
Amounts due from the related parties	**1,599,840**	1,636,801
Restricted bank deposits	**6,882**	27,948
Bank balances and cash	**55,676**	226,746
Total financial assets at amortised cost	**2,720,605**	3,754,275
Receivables at FVTOCI	**1,180**	9,527
Financial assets at FVTPL	**1,000**	12,545
Total	**2,722,785**	3,776,347
Financial liabilities		
Liabilities measured at amortised costs:		
Trade and other payables	**541,458**	1,100,126
Amounts due to the related parties	**1,619,538**	1,651,233
Loan from a related company	**599,301**	–
Bank and other borrowings	**1,914,880**	5,439,975
Provision on legal claims	**11,000**	–
Liability components of convertible bonds	**563,333**	529,139
Bond payables	**585,372**	618,363
Total financial liabilities at amortised cost	**5,834,882**	9,338,836
Financial guarantee contracts	**190,017**	187,646
Total	**6,024,899**	9,526,482

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, receivables at FVTOCI, receivables included in other non-current assets, trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, amounts due from/(to) the related parties, bank and other borrowings, lease liabilities, liability components of convertible bonds, loan from a related company, bond payables and financial guarantee contracts. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The primary economic environment which the principal subsidiaries of the Company operates is the PRC and their functional currency is RMB. However, certain transactions of the principal subsidiaries including sales of goods and purchases of machinery and equipment are denominated in foreign currencies.

Details of trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, financial guarantee contracts, bank and other borrowings and loan from a related company that are denominated in foreign currencies other than functional currencies of the relevant group entities, are set out in respective notes.

The Group currently does not have a foreign currency hedging policy but the directors of the Company monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the foreign currency denominated monetary assets and liabilities other than functional currencies of the relevant group entities, were translated to RMB at the end of the reporting period are as follows:

	2021 **RMB'000**	2020 RMB'000
Assets		
USD	**12,771**	22,531
HKD	**1,288**	3,906
Liabilities		
USD	**(191,612)**	(190,255)
HKD	**(2,255,304)**	(2,712,304)

The Group is mainly exposed to foreign currency risk between USD/RMB and HKD/RMB.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Currency risk (Continued)

Sensitivity analysis

This sensitivity analysis details the sensitivity to a 5% (2020: 5%) appreciation and depreciation in each relevant foreign currency against functional currency 5% (2020: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the end of the year for a 5% (2020: 5%) change in foreign currency rates. A negative number below indicates a increase in post-tax loss for the year and a positive number below indicates an increase in post-tax loss for the year where the relevant foreign currencies change 5% (2020: 5%) against RMB.

	2021 RMB'000	2020 RMB'000
USD impact		
– if USD strengthens against RMB	(8,942)	(8,386)
– if USD weakens against RMB	8,942	8,386
HKD impact		
– if HKD strengthens against RMB	(112,701)	(135,420)
– if HKD weakens against RMB	112,701	135,420

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate restricted bank deposits, bank and other borrowings, liability components of convertible bonds, amount due to the related parties, loan from a related company, bond payables and lease liabilities (see Notes 33, 39, 40, 36, 41 and 37 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits, bank balances and bank and other borrowings (see Notes 33 and 39 for details). The directors of the Company monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (including restricted bank deposits, bank balances and bank and other borrowings) at the end of the reporting period and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period in the case of restricted bank deposits, bank balances and bank and other borrowings.

10 basis points (2020: 10 basis points) increase or decrease on variable-rate restricted bank deposits and bank balances, and 100 basis points (2020: 100 basis points) increase or decrease on variable-rate borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on variable-rate restricted bank deposits and bank balances had been 10 basis points (2020: 10 basis points) higher/lower and all other variables were held constant, the post-tax loss for the year would have decreased/increased by RMB63,000 (2020: RMB191,000).

If the interest rate of variable-rate borrowings had been 100 basis points (2020: 100 basis points) higher/lower and all other variables were held constant, the post-tax loss for the year would have increased/decreased by RMB7,050,000 (2020: RMB18,268,000).

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Other price risk

Assets at FVTPL

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

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

Credit risk and impairment assessment

As at 31 December 2021, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group include (i) issuing banks fail to settle the bills transferred to collecting banks or suppliers through endorsing the bills to suppliers with full recourse as described in Note 30 and (ii) the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 54.

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

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

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

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	2021 Gross carrying amount RMB'000	2020 Gross carrying amount RMB'000
Receivables at FVTOCI	29	Low risk	12-month ECL	**1,180**	9,527
Financial assets at amortised costs					
Receivables included in other non-current assets	24	Low risk	12-month ECL	**23,268**	101,483
Other receivables	28	Low risk	12-month ECL	**592,190**	146,658
		Watch list	12-month ECL	**132,456**	308,547
		Loss	Lifetime ECL (credit-impaired)	**294,791**	416,565
				1,019,437	871,770
Trade receivables	28	Low risk	Lifetime ECL (not credit impaired)	**383,280**	1,366,949
		Watch list	Lifetime ECL (not credit impaired)	**242**	25,771
		Doubtful	Lifetime ECL (not credit impaired)	**1,828**	4,110
		Loss	Lifetime ECL (credit-impaired)	**4,223**	26,690
				389,573	1,423,520
Contract assets	25	Low risk	Lifetime ECL (not credit impaired)	**–**	346,912
Restricted bank deposits	33	Low risk	12-month ECL	**6,882**	27,948
Bank balances	33	Low risk	12-month ECL	**55,676**	226,746
Amounts due from a related party – trade-in-nature	32	Low risk	Lifetime ECL (not credit impaired)	**1,806**	4,980
		Watch list	Lifetime ECL (not credit impaired)	**4,980**	–
				6,786	4,980
Amounts due from the related parties–non trade-in-nature	32	Low risk	12-month ECL	**49,824**	1,738,788
	32	Watch list	Lifetime ECL (not credit impaired)	**1,652,451**	–
				1,702,275	1,738,788
Amount due from a non-controlling shareholder	32	Low risk	12-month ECL	**3,066**	–

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances, restricted bank deposits and receivables at FVTOCI

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

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

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

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

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

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

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

2021

Customer assessed individually		Default rate	Gross carrying amounts RMB'000	Loss allowance RMB'000	Net RMB'000
Trade receivables					
Customer Group A	Low risk	**0.15%**	**382,726**	**(579)**	**382,147**
Amount due from a related party	Low risk	**6.26%**	**1,806**	**(113)**	**1,693**
	Watch list	**72.11%**	**4,980**	**(3,591)**	**1,389**
			6,786	**(3,704)**	**3,082**

2020

Customer assessed individually		Default rate	Gross carrying amounts RMB'000	Loss allowance RMB'000	Net RMB'000
Trade receivables					
Customer Group A	Low risk	0.00% to 0.59%	1,259,915	(858)	1,259,057
Contract assets	Low risk	0.07%	346,912	(248)	346,664
Amount due from a related party	Low risk	6.14%	4,980	(306)	4,674

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

The following table details the risk profile of trade receivables as at 31 December 2021 and 2020, which are assessed collectively.

2021

Customer Group B assessed collectively	Not past due (not credit impaired)	Trade receivables – past due: Not more than 3 months (not credit impaired)	Trade receivables – past due: 3–6 months (not credit impaired)	Trade receivables – past due: Over 6 months (credit impaired)	Total
Weighted average expected credit loss rate	6.14%	6.20%	6.29%	39.36%	
Gross carrying amount (RMB'000)	554	242	1,828	4,223	6,847
Lifetime ECL (RMB'000)	(34)	(15)	(115)	(1,662)	(1,826)
Net carrying amount (RMB'000)	520	227	1,713	2,561	5,021

2020

Customer Group B assessed collectively	Not past due (not credit impaired)	Trade receivables – past due: Not more than 3 months (not credit impaired)	Trade receivables – past due: 3–6 months (not credit impaired)	Trade receivables – past due: Over 6 months (credit impaired)	Total
Weighted average expected credit loss rate	0.75%	6.48%	9.85%	93.42%	
Gross carrying amount (RMB'000)	107,034	25,771	4,110	26,690	163,605
Lifetime ECL (RMB'000)	(806)	(1,669)	(405)	(24,935)	(27,815)
Net carrying amount (RMB'000)	106,228	24,102	3,705	1,755	135,790

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and amount due from a related party under the simplified approach.

Trade receivables	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
At 1 January 2020	3,411	24,650	28,061
Transfer to credit impaired	(553)	553	–
ECL recognised	5,383	5,621	11,004
Reversal of ECL	(4,503)	(5,889)	(10,392)
Disposal of subsidiaries	(181)	–	(181)
Deemed disposal of a subsidiary	(113)	–	(113)
Exchange adjustment	294	–	294
At 31 December 2020	3,738	24,935	28,673
Transfer from contract assets	183	–	183
ECL recognised	1,290	–	1,290
Reversal of ECL	(656)	–	(656)
Reclassified to assets held for sale	(819)	–	(819)
Disposal of subsidiaries	(3,359)	(22,907)	(26,266)
At 31 December 2021	377	2,028	2,405

Contract assets	Lifetime ECL (not credit impaired) RMB'000	Lifetime ECL (credit impaired) RMB'000	Total RMB'000
At 1 January 2020	79	–	79
ECL recognised	169	–	169
At 31 December 2020	248	–	248
Reversal of ECL	(49)	–	(49)
Transfer to trade receivables	(183)	–	(183)
Disposal of a subsidiary	(16)	–	(16)
At 31 December 2021	–	–	–

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

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

Amount due from a related party	Lifetime ECL (not credit impaired) RMB'000
At 1 January 2020	172
ECL recognised	134
At 31 December 2020	306
ECL recognised	3,398
At 31 December 2021	3,704

The Group writes off trade receivables, contract assets and amount due from a related party when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables, receivables included in other non-current assets, amounts due from the related parties and a non-controlling shareholder

The following tables show reconciliation of loss allowances that has been recognised for other receivables, receivables included in other non-current assets, amounts due from the related parties and a non-controlling shareholder using the general approach under IFRS 9.

Other receivables	12m ECL	Not credit impaired	Credit impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	3,724	52,109	471,024	526,857
ECL recognised	24,769	64,732	8,523	98,024
Transfer to not credit impaired	(18,798)	18,798	–	–
Transfer to credit impaired	(798)	–	798	–
Reversal of ECL (Note)	(1,544)	(54,237)	(63,780)	(119,561)
Disposal of subsidiaries	(103)	–	–	(103)
Exchange adjustment	103	–	–	103
At 31 December 2020	7,353	81,402	416,565	505,320
ECL recognised	31,680	–	–	31,680
Disposal of subsidiaries	(4,710)	(39,085)	(121,774)	(165,569)
At 31 December 2021	34,323	42,317	294,791	371,431

Note:

During the year ended 31 December 2020, reversal of ECL relating to other receivables was mainly due to the settlement in full of other receivables with a gross carrying amount of RMB127,059,000.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables, receivables included in other non-current assets, amounts due from the related parties and a non-controlling shareholder (Continued)

Receivables included in other non-current assets	**12m ECL**	**Not credit impaired**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2020 and 31 December 2020	–	–	–
ECL recognised	822	–	822
Disposal of subsidiaries	(38)	–	(38)
Reclassified to assets held for sales	(549)	–	(549)
At 31 December 2021	235	–	235

Amounts due from the related parties	**12m ECL**	**Not credit impaired**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2020	104,268	–	104,268
ECL recognised	2,393	–	2,393
At 31 December 2020	106,661	–	106,661
Transfer to not credit impaired	(101,365)	101,365	–
ECL recognised	–	3,963	3,963
Reversal of ECL	(2,167)	–	(2,167)
At 31 December 2021	3,129	105,328	108,457

Amount due from a non-controlling shareholder	**12m ECL**	**Not credit impaired**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2020	–	–	–
ECL recognised	–	–	–
At 31 December 2020	–	–	–
ECL recognised	126	–	126
At 31 December 2021	126	–	126

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Financial guarantee contracts

The following table show reconciliation of loss allowances that has been recognised for financial guarantee contracts.

Financial guarantee contracts	Increase/ (Decrease) in lifetime ECL Credit-impaired RMB'000 (Note)
At 1 January 2020	177,100
Provision for the year	16,768
ECL recognised	9,000
Reversal of ECL	(3,022)
Exchange adjustment	(12,200)
At 31 December 2020	187,646
Provision for the year	15,640
Reversal of ECL	(9,000)
Exchange adjustment	(4,269)
At 31 December 2021	190,017

Note:

The credit impaired balance was in relation to the financial guarantee contract provided for Suniva, as detailed in Note 38(a).

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB190,017,000 and RMB187,646,000 as at 31 December 2021 and 2020.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Concentration risk on financial assets

At 31 December 2021, the credit risk arising from the continuing operation owned by the Group is concentrated on trade receivables and accrued revenue on tariff subsidies from ten (2020: ten) of the Group's customers, all of which were the Group's major customers engaged in state grid companies, which amounted to approximately and RMB1,238,765,000 (2020: RMB1,430,750,000) and accounted for approximately 99% (2020: 95%) of the Group's total trade receivables and accrued revenue on tariff subsidies.

The Group's credit risk is also concentrated on amounts due from independent third parties, consideration receivable for disposal of subsidiaries, accounts due from disposal subsidiaries and amounts due from the related parties, all are recorded in "other receivables" and "amounts due from the related parties" in Notes 28 and 32 respectively, as these balances were concentrated on a limited number of counterparties. Amounts due from independent third parties are concentrated on six (2020: six) counterparties, accounting for 61% (2020: 74%) of the total balance as at 31 December 2021. These customers and counterparties have good repayment history and credit quality under internal assessment by the Group. In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure by frequent review of the credit evaluation of the financial conditions and credit qualities of its customers to ensure that prompt actions will be taken to lower exposure.

There is concentration of credit risk on restricted bank deposits and bank balances and cash for the Group in respect of the continuing operation as at 31 December 2021 and 2020. As at 31 December 2021, balances deposited at ten (2020: ten) banks accounted for 89% (2020: 98%) of the total restricted bank deposits and bank balances and cash of the Group. The credit risk on liquid funds is limited because majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state owned banks with good reputation.

Liquidity risk management

The directors of the Company have built an appropriate liquidity risk management framework for management of the Group's short-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by closely and continuously monitoring the Group's consolidated financial position. The directors of the Company monitor the sufficiency of cashflows with availability of unutilised banking facilities, internally generated funds, possible proceeds arising from disposal of solar power plants and alternative refinancing and extension of due date of bank and other borrowings. The directors of the Company also review the forecasted cashflows on an on-going basis to ensure that the Group will be able to meet its financial obligations falling due and have sufficient capital for operation.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management

The following tables detail the remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows, include both principal and interest, on non-derivative financial liabilities based on the earliest date in which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate	On demand or less than 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2021								
Non-derivative financial liabilities								
Trade and other payables	–	541,458	–	–	–	–	541,458	541,458
Amounts due to related parties	–	1,619,538	–	–	–	–	1,619,538	1,619,538
Loan from a related company	7.5%	22,599	22,973	643,749	–	–	689,321	599,301
Bank and other borrowings								
— Fixed rate	10.61%	941,566	86,001	33,501	100,502	65,510	1,227,080	1,209,918
— Variable rate	7.75%	235,887	191,780	275,330	140,287	–	843,284	704,962
Provision on legal claims	–	11,000	–	–	–	–	11,000	11,000
Lease liabilities	7.68%	1,968	10,666	1,988	4,624	13,436	32,682	24,762
Bond payables	7.76%	585,372	–	–	–	–	585,372	585,372
Liability component of convertible bonds	8.04%	37,376	–	448,418	158,730	–	644,524	563,333
Financial guarantee contracts	–	190,017	–	–	–	–	190,017	190,017
Total		4,186,781	311,420	1,402,986	404,143	78,946	6,384,276	6,049,661
At 31 December 2020								
Non-derivative financial liabilities								
Trade and other payables	–	564,409	–	–	–	–	564,409	564,409
Amounts due to related parties	–	1,651,233	–	–	–	–	1,651,233	1,651,233
Bank and other borrowings								
– Fixed rate	8.90%	2,228,107	159,046	152,445	368,538	371,499	3,279,635	3,004,218
– Variable rate	7.59%	173,850	147,695	407,557	1,039,350	860,449	2,628,901	2,435,757
Lease liabilities	8.28%	2,236	14,963	5,550	4,694	14,803	42,246	32,885
Bond payables	7.76%	666,340	–	–	–	–	666,340	618,363
Liability component of convertible bonds	7.03%	37,376	–	370,116	237,032	–	644,524	529,139
Financial guarantee contracts	–	187,646	–	–	–	–	187,646	187,646
Total		5,511,197	321,704	935,668	1,649,614	1,246,751	9,664,934	9,023,650

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Bank and other borrowings with a repayment on demand clause are included in the "on demand or less than 6 months" time band in the above maturity analysis. As at 31 December 2021, the aggregate carrying amounts of these bank borrowings amounted to RMB476,263,000 (2020: RMB456,123,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank and other borrowings will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Maturity Analysis-Bank loans with a repayment on demand clause based on scheduled repayments					
	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash outflows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2021	262,792	162,754	28,318	101,817	555,681	476,263
31 December 2020	—	46,572	140,555	268,996	456,123	456,123

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantor. Based on expectations at the end of the reporting period, the directors of the Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

In addition to the amounts shown in the above table as at 31 December 2021, the Group may also be required to settle the maximum exposure to loss arising from endorsed bills arrangements with full recourse which were derecognised by the Group as detailed in Note 30 in the next six months, amounting to RMB1,205,000 (2020: RMB209,404,000).

As at 31 December 2021, the Group has not entered into any master netting arrangements with counterparties. The collaterals of which, such as bank and other borrowings are disclosed in the corresponding notes, which are generally not on the net basis in the consolidated statement of financial position.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(c) Fair value

The fair value of financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised costs (except for liability component of the convertible bonds as described below) recognised in the consolidated financial statements approximate their fair values. There were no transfers into and out of level 3 during both years.

	2021		2020	
	Carrying amount RMB'000	**Fair value RMB'000**	Carrying amount RMB'000	Fair value RMB'000
Liability component of convertible bonds	**563,333**	**416,847**	529,139	326,367

The fair value of the liability component of convertible bonds as at 31 December 2021 and 2020 is under level 3 category and was determined by the directors of the Company with reference to the valuation performed by independent professional valuer. The fair value of the liability component of convertible bonds is determined by discounted cash flow using the inputs including estimated cash flows over the remaining terms of the convertible bonds and discount rate that reflected the credit risk of the Company.

Fair value measurements recognised in the consolidated statement of financial position that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial items	Classified as	Fair value 2021 RMB'000	Fair value 2020 RMB'000	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Unlisted equity investments classified as financial assets at FVTPL	Financial assets at FVTPL	**1,000**	2,207	Level 3	Market approach the value is based upon what investors are paying for similar assets or securities in the market place	Market multiples	The higher the market multiples, the higher the fair value
Convertible debt instrument classified as financial assets at FVTPL (Note)	Financial assets at FVTPL	**-**	10,338	Level 3	Binomial model	Volatility	The higher the positive volatility, the higher the fair value
Receivables at FVTOCI	Financial assets at FVTOCI	**1,180**	9,527	Level 2	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables	Discount rate	The higher the discount rate, the lower the fair value

Note:

An increase in the volatility would result in a decrease in the fair value measurement of the convertible debt instrument classified as financial assets at FVTPL, and vice versa. An 10% increase or decrease in volatility holding all other variables constant would increase or decrease the carrying amount of the financial assets at FVTPL by RMB275,000 and RMB277,000 respectively as at 31 December 2020.

49. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (Continued)

(c) Fair value (Continued)

Fair value measurements recognised in the consolidated statement of financial position that are measured at fair value on a recurring basis (Continued)

The following table represents the changes in level 3 derivative financial instruments during the years ended 31 December 2020 and 2021.

	Warrants Liabilities arising from previous acquisition of Lattice Power Group RMB'000	Financial assets at FVTPL RMB'000
(Liabilities)/Assets at 1 January 2020	(6,078)	3,096
Addition during the year	–	10,000
Derecognition during the year	4,785	–
Loss recognised in profit or loss included in other gains and losses, net	1,293	(551)
Assets at 31 December 2020	–	12,545
Addition during the year	–	1,000
Disposal of subsidiaries	–	(12,545)
Assets at 31 December 2021	–	1,000

(d) Capital risk management

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

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

The directors of the Company review the capital structure regularly. The directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through raising and repayment of bank and other borrowings.

50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Liabilities arising financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings Note 39 RMB'000	Convertible bonds Note 40 RMB'000	Lease liabilities Note 37 RMB'000	Bond payables Note 41 RMB'000	Amounts due to the related parties Note 36 RMB'000	Loan from a related company Note 36 RMB'000	Amounts due to independent third parties Note 34 RMB'000	Interest payables included in accrued expenses Note 34 RMB'000	Total RMB'000
At 1 January 2021	5,439,975	529,139	32,885	618,363	1,651,233	-	1,372	511,313	8,784,280
Financing cash flows	(402,068)	-	(6,607)	(32,991)	(32,819)	-	1,344	(174,814)	(647,955)
Non-cash changes:									
Foreign exchange translation	(59,605)	-	180	-	3	1,408	-	-	(58,014)
Finance costs incurred	44,813	34,194	1,351	-	1,121	-	-	513,342	594,821
Disposal of subsidiaries	(754,131)	-	(94)	-	-	-	-	(11,724)	(765,949)
Reclassified to liabilities associated with assets classified as held for sale (Note 26)	(1,281,219)	-	(2,953)	-	-	-	-	(101,113)	(1,385,285)
Settlement on behalf by Asia Pacific Resources (Note 39(a))	(399,683)	-	-	-	-	597,893	-	(198,210)	-
Settlement through Forced Sale of Nine Disposal Entities (Note 48(c))	(682,367)	-	-	-	-	-	-	(54,962)	(737,329)
Waiver of default interest payables (Note 8(iv))	-	-	-	-	-	-	-	(28,072)	(28,072)
Reclassified from interest payables	9,165	-	-	-	-	-	-	(9,165)	-
At 31 December 2021	1,914,880	563,333	24,762	585,372	1,619,538	599,301	2,716	446,595	5,756,497

50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Bank and other borrowings Note 39 RMB'000	Convertible bonds Note 40 RMB'000	Lease liabilities Note 37 RMB'000	Bond payables Note 41 RMB'000	Amounts due to the related parties Note 36 RMB'000	Amounts due to independent third parties Note 34 RMB'000	Interest payables included in accrued expenses Note 34 RMB'000	Total RMB'000
At 1 January 2020	7,327,243	501,415	33,484	824,778	2,224,930	21,740	397,457	11,331,047
Financing cash flows	(668,581)	–	(10,454)	(207,100)	(573,697)	4,363	(445,661)	(1,901,130)
Non-cash changes:								
Foreign exchange translation	(165,053)	–	65	–	–	–	–	(164,988)
Finance costs incurred	–	27,724	1,417	685	–	–	752,158	781,984
Additions to lease liabilities	–	–	8,373	–	–	–	–	8,373
Offset the receivable and payable recognised on the same entity	–	–	–	–	–	(24,731)	–	(24,731)
Disposal of subsidiaries	(553,634)	–	–	–	–	–	(2,291)	(555,925)
Deemed disposal of a subsidiary	(490,000)	–	–	–	–	–	(190,350)	(680,350)
Reclassified to other payables	(10,000)	–	–	–	–	–	–	(10,000)
At 31 December 2020	5,439,975	529,139	32,885	618,363	1,651,233	1,372	511,313	8,784,280

51. RETIREMENT BENEFITS SCHEMES

The Group operates MPF Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a monthly cap of HKD1,500 and thereafter contributions are voluntary.

The employees of the subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

During the years ended 31 December 2021 and 2020, the Group had no forfeited contribution is available to reduce the contribution payable in the future years.

52. PLEDGE OF ASSETS

A the end of the reporting period, saved as restricted bank deposits as set out in Note 33 and the right-of-use assets as set out in Note 18, the Group had pledged its 100% of equity interest in Shunfeng Photovoltaic Holdings Limited (2020: 58% of equity interest in Lattice Power Group and 100% of equity interest in Shunfeng Photovoltaic Holdings Limited).

Meanwhile, 12 (2020: 31) subsidiaries of the Group, which operated solar power generation, 100% equity interests and related assets were also pledged in order to obtain bank and other borrowings. The following assets (excluding those of assets classified as held for sale) to various financial institutions for securing loans and general credit facilities granted to the Group.

	2021 RMB'000	2020 RMB'000
Right-of-use assets (Note 18)	–	12,854
Solar power plants (Note 19)	725,221	2,661,724
Trade receivables, contract assets and accrued revenue on tariff subsidies (Note 28)	311,501	1,506,164
Security deposit included in trade and other receivables (Note 28(vi))	101,926	103,532
Other deposits included in other non-current assets (Note 24(ii))	23,033	89,303

53. RELATED PARTY DISCLOSURES

(a) Related party transaction

Saved as disclosed elsewhere in the consolidated financial statements, during the year, the Group has the following significant transactions with related parties.

Name of related parties	Relationship	Nature of transactions	2021 RMB'000	2020 RMB'000
Tiancheng International Auctioneer Limited ("Tiancheng International") ("天成國際拍賣有限公司")	Note (i)	Interest expense on lease liabilities	338	535
Wuxi Suntech	Note (ii)	Sales of power generation	1,532	1,334
Wuxi University Science Park International Incubator Co., Ltd# ("Wuxi Incubator") ("無錫大學科技園國際孵化器有限公司")	Note (ii)	Utility	10	10
Luoyang Suntech Power Co., Ltd# ("Luoyang Suntech") ("洛陽尚德太陽能電力有限公司")	Note (ii)	Interest expense	–	389
Asia Pacific Resources	Note (iii)	Interest expense	1,121	–

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53. RELATED PARTY DISCLOSURES (Continued)

(a) Related party transaction (Continued)

Notes:

(i) Management of the Company considers Tiancheng International is a related party as it is 100% owned by Ms. Zheng Yan, the spouse of Mr. Lu Bin (an executive Director) and a family member of Mr. Cheng (a substantial shareholder of the Company).

(ii) Management of the Company considers Wuxi Suntech, Wuxi Incubator and Luoyang Suntech are related parties of the Group as they were previously held by the 2019 Disposal Group and are currently held by Asia Pacific Resources, an entity wholly-owned and controlled by Mr. Cheng, a substantial shareholder of the Company.

(iii) Management of the Company considers Asia Pacific Resources is a related party as it is 100% owned and controlled by Mr. Cheng, a substantial shareholder of the Company.

(b) Related party balances

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant outstanding balance with a related party as 31 December 2021 and 2020:

Name of related parties	Nature of balance	2021 RMB'000	2020 RMB'000
Tiancheng International	Lease liabilities	**5,152**	6,847

(c) Compensation of key management personnel

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

	2021 RMB'000	2020 RMB'000
Basic salaries and allowances	**6,889**	9,051
Performance-related incentive bonuses	**–**	6,396
Contributions to defined contribution retirement plans	**60**	225
	6,949	15,672

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

54. CONTINGENT LIABILITIES AND MAJOR LITIGATION

	2021 RMB'000	2020 RMB'000
Guarantees provided to financial institutions in respect of banking facilities granted to third parties and a related party:		
Total guaranteed amounts	**190,017**	187,646
Less: amounts provided as financial guarantee contracts (Note 38(a))	**(190,017)**	(187,646)
Unprovided amount	**–**	–

54. CONTINGENT LIABILITIES AND MAJOR LITIGATION (Continued)

For the year ended 31 December 2021

Arbitration lodged by two bondholders of the 2015 Corporate Bond

In September 2021, the remaining two bondholders of the 2015 Corporate Bond initiated an arbitration with the Group through Shanghai Arbitration Commission for the settlement of the outstanding loan principal of RMB329,909,000 and interest payable of RMB61,562,000 immediately. Further, a freezing order was issued by the court upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries, being Xinjiang Tianli, Jiangsu Shunyang New Energy, Jiangxi Shunfeng and Turpan Shunfeng, have been put under the freezing order. As at 31 December 2021, the total principal amount of RMB329,909,000 and accrued bond interest of RMB68,548,000 were recognised in "Bond payables" and "Trade and other payables". In April 2022, the above proceedings have not been completed in the Shanghai Arbitration Commission.

Litigation lodged by a non controlling shareholder

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

Litigation lodged by CDB

On 20 May 2021, CDB lodged a litigation against Taojiang Saiwei Photovoltaic Technology Co., Ltd.# (桃江賽維光伏科技有限公司), an indirect wholly-owned subsidiary of the Company, requesting Taojiang Saiwei to repay the outstanding loan principal of RMB22,185,000 and relevant interest payable. As at 31 December 2021, the total principal amount RMB22,185,000 were recognised as current liabilities in bank and other borrowings.

For the year ended 31 December 2020

Litigation lodged by JIC and a construction company

In respect of the borrowing from JIC, an independent financial institution, of a principal balance of RMB490,000,000 which have been overdue on 16 August 2019. JIC lodged a litigation against Jinta Wancheng during the year ended 31 December 2019 and subsequently Jinta Wancheng received the first-instance judgement from the High People's Court of Zhejiang in January 2020, requesting Jinta Wancheng to repay the outstanding loan principal of RMB490,000,000, interest payable of RMB97,066,000 and penalty interest payable of RMB37,146,000, totalling RMB624,212,000 immediately. Jinta Wancheng accepted the judgement and, apart from the principal balance of RMB490,000,000 included in "bank and other borrowings", and has also provided additional interest expenses of RMB55,586,000 and additional penalty interest of RMB37,146,000 for the year ended 31 December 2019 as "finance cost".

On 26 July 2020, Jinta Wancheng received a petition filed by its creditor for an order that Jinta Wancheng may be wound up by the High People's Court of Gansu. The petition was filed against Jinta Wancheng for its failure to settle a sum of approximately RMB237 million for EPC payable of solar power plants.

On 5 November 2020, the Intermediate People's Court of Jiu Quan agreed a restructuring plan submitted by the receiver, pursuant to which an independent third party of the Group, ZSEC, agreed to acquire the entire equity interest of Jinta Wancheng at a zero consideration. ZSEC will inject RMB707,150,000 to Jinta Wancheng for repayment of liabilities, any balance due over this amount will become irrecoverable and waived. The receiver has allocated the injected fund based on the priority of debts. Consequently, the Group will receive RMB24,212,000 for repayment of intercompany loan. Following the restructuring plan implemented by the Intermediate People's Court of Jiu Quan, Jinta Wancheng ceased to be a subsidiary of the Company and its financial performance and financial position will not be consolidated. Details of deemed disposal of Jinta Wancheng are disclosed in Note 48(g).

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55. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ registration	Place of operations	Date of incorporation/ registration	Equity interests attributable of the Group		Proportion of voting right held by the Company		Paid-in share capital/registered capital/issued share capital	Principal activities
				2021	2020	**2021**	2020		
Directly held									
Shunfeng Photovoltaic Holding Limited	Hong Kong	Hong Kong	16 August 2010	**100%**	100%	**100%**	100%	Ordinary shares of HKD500	Investment holding
Indirectly held									
Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd (Note (b))	The PRC	The PRC	29 December 2011	**100%**	100%	**100%**	100%	Registered capital of USD190,000,000	Manufacturing and sales of Solar Products and provision of related installation services
Jiangxi Shunfeng Photovoltaic Investments Co., Ltd. (Note (a))	The PRC	The PRC	24 June 2013	**100%**	100%	**100%**	100%	Paid up capital of RMB450,000,000	Investment holding
Lattice Power Corporation	The Island of Grand Cayman	The PRC	18 January 2006	**0%**	58%	**0%**	58%	Issued capital of USD84,151.16	Manufacturing and sales of LED Products
Lattice Power (Jiangxi) Co., Ltd (Note (b))	The PRC	The PRC	13 February 2006	**0%**	58%	**0%**	58%	Paid up capital of USD123,000,000	Manufacturing and sales of LED Products
Jiangxi Lattice Power Semiconductor Co., Ltd (Note (a))	The PRC	The PRC	14 March 2013	**0%**	58%	**0%**	58%	Paid up capital of RMB60,000,000	Manufacturing and sales of LED Products
Jiangxi Changda Optoelectronic Science & Technology Co., Ltd (Note (a))	The PRC	The PRC	1 December 2000	**0%**	58%	**0%**	58%	Paid up capital of RMB19,800,000	Manufacturing and sales of LED Products
Sangri Suntech Power Co., Ltd.	The PRC	The PRC	21 April 2011	**100%**	100%	**100%**	100%	Paid up capital of RMB46,000,000	Solar power generation
Xinjiang Pu Xin Cheng Da (Note (a))	The PRC	The PRC	2 December 2010	**100%**	100%	**100%**	100%	Paid up capital of RMB60,000,000	Solar power generation
Shunfeng Hengin (Notes (a) and (c))	The PRC	The PRC	1 September 2020	**71%**	71%	**71%**	71%	Registered capital of RMB400,000,000	Developing and manufacturing the hydrogen energy equipment of heavy duty truck
Zhucheng Xinshunfeng Photoelectric Technology Co., Ltd. (Note (a))	The PRC	The PRC	2 July 2014	**100%**	100%	**100%**	100%	Registered capital of RMB1,000,000	Solar power generation
Taojiang Saiwei Photovoltaic Technology Co., Ltd. (Note (a))	The PRC	The PRC	24 June 2012	**100%**	100%	**100%**	100%	Paid up capital of RMB30,000,000	Solar power generation

55. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Notes:

(a) The companies are limited liability companies.

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

(c) Pursuant to the shareholder cooperation agreement between the Group and Shanghai Hengin, the Group has to inject RMB300,000,000 in Shunfeng Hengin as capital on or before 31 December 2035. As at 31 December 2021, the aforesaid payment has not yet been made.

Apart from that Shunfeng Investment, the 3-year 7.8% RMB550,000,000 corporate bond issued on 10 November 2015 and the 2-year 7.7% RMB500,000,000 corporate bond issued on 22 June 2016 as detailed in Note 41, no other subsidiaries had issued any debt securities at the end of both years.

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

56. EVENTS AFTER THE END OF THE REPORTING PERIOD

The disposals of the 2 Target Companies

As detailed in Note 26(ii), the shareholders of the Company have attended extraordinary general meeting dated 13 January 2022 and have approved, confirmed and ratified the disposals of the 2 Target Companies. For more details, please refer to the announcement made by the Company on 13 January 2022.

Subsequent to the end of the reporting period, registration for share transfer of the 2 Target Companies has been completed.

The proposed disposals of the 4 Target Companies

As disclosed in the announcement published on 3 January 2022, the Group has entered into four sale and purchase agreements with Xinjiang Silu Qianyuan Energy Co., Ltd.#（新疆絲路乾元能源有限責任公司）, pursuant to which the Group has conditionally agreed to sell, and the purchaser has conditionally agreed to purchase 100% of equity interests in Hainan Xinsheng New Energy Technology Co. Ltd.#（海南州鑫昇新能源科技有限公司）, Tongwei Solar Power Qiemo Co., Ltd#（通威太陽能且末有限公司）, Xinjiang Pu Xin Cheng Da and Xinjiang Tianli (the "4 Target Companies"), at an aggregate consideration of RMB890 million. As detailed in Note 1(b), the equity interest of Xinjiang Tianli has been put under the freezing order. The Group has to release the freezing order of Xinjiang Tianli in order to proceed the completion of proposed disposals of the 4 Target Companies.

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Results	2017 RMB'000 Continuing operation (Restated)	2018 RMB'000 Continuing operation (Restated)	2019 RMB'000 Continuing operation (Restated)	2020 RMB'000 Continuing operation (Re-presented)	**2021** **RMB'000** **Continuing operation**
Revenue	1,214,446	1,308,394	1,368,363	904,422	**650,186**
Profit/(loss) before interest expenses and tax	339,950	241,375	(888,847)	183,413	**(273,734)**
Interest expenses	(1,345,103)	(1,182,314)	(1,156,678)	(777,078)	**(592,903)**
Loss before tax	(1,005,153)	(940,940)	(2,045,525)	(593,665)	**(866,637)**
Income tax expense	(1,188)	(4,911)	(7,204)	(10,283)	**(5,832)**
Loss for the year	(1,006,340)	(945,851)	(2,052,729)	(603,948)	**(872,469)**
Other comprehensive income for the year	41,903	(9,786)	(2,314)	40	**(4,731)**
Loss and total comprehensive income for the year	(964,437)	(955,637)	(2,055,045)	(603,908)	**(877,200)**
(Loss)/profit for the year attributable to:					
Owner of the Company	(1,006,340)	(944,761)	(2,069,572)	(603,948)	**(867,066)**
Non-controlling interest	–	–	–	–	**(5,403)**
	(1,006,340)	(944,761)	(2,069,572)	(603,948)	**(872,469)**
(Loss)/profit and total comprehensive income for the year attributable to:					
Owners of the Company	(964,437)	(955,637)	(2,055,045)	(603,908)	**(871,797)**
Non-controlling interests	–	–	–	–	**(5,403)**
	(964,437)	(955,637)	(2,055,045)	(603,908)	**(877,200)**

Results	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Total assets	25,325,942	25,403,746	16,132,494	9,708,470	**6,752,538**
Total liabilities	(19,971,448)	(21,756,524)	(15,547,861)	(9,625,419)	**(7,632,260)**
	5,354,494	3,647,222	584,633	83,051	**(879,722)**
Equity attributable to owners of the Company	4,041,194	2,262,797	(869,100)	(1,474,385)	**(974,319)**
Non-controlling interests	1,313,300	1,384,425	1,453,733	1,557,436	**94,597**
	5,354,494	3,647,222	584,633	83,051	**(879,722)**

DEFINITIONS

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

"Board"	the board of Directors
"Company"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"EPC"	engineering, procurement and construction
"Group"	the Company and its subsidiaries
"GW"	gigawatt, which equals one billion watt
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"JPY"	Japanese Yen, the lawful currency of Japan
"Lattice Power"	Lattice Power Corporation, a company incorporated in Cayman Islands and a non-wholly owned subsidiary of the Company
"Lattice Power Group"	Lattice Power and its subsidiaries
"LED"	light-emitting diode
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MW"	megawatt, which equals one million watt
"MWh"	megawatt hour
"PRC" or "China"	the People's Republic of China
"PV"	photovoltaic
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"United States" or "U.S."	the United States of America
"USD" or "US$"	U.S. dollar, the lawful currency of the U.S.
"we", "our", "us"	the Company or the Group (as the context requires)
"Year"	twelve months ended 31 December 2021

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順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

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