



順風國際清潔能源有限公司

SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 01165

**WORLD'S LEADING**  
CLEAN ENERGY PROVIDER

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



**2024**

Annual Report

## ENERGY SAVING\*

Coal > 62,889 tonne



## ELECTRICITY GENERATED

Year 2023 > 298,718 MWh

Year 2024 > 208,517 MWh

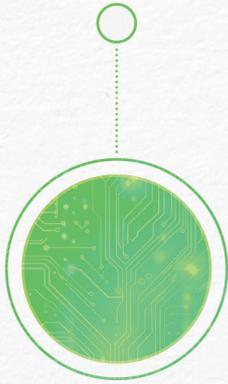
## REDUCTION OF EMISSION\*

Smoke and Dust > 3 tonne

CO<sub>2</sub> > 171,192 tonne

SO<sub>2</sub> > 16 tonne

NO<sub>x</sub> > 26 tonne



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Wang Yu  
Mr. Qiu Bo (*appointed on 31 December 2024*)  
Mr. Zhang Fubo (*stepped down on 31 December 2024*)  
Mr. Lu Bin (*stepped down on 31 December 2024*)  
Mr. Chen Shi (*stepped down on 31 December 2024*)

### Independent Non-executive Directors

Mr. Zhao Yuwen  
Mr. Kwong Wai Sun Wilson  
Ms. Tse Wan Joyce (*appointed on 14 June 2024*)  
Mr. Tao Wenquan (*retired on 14 June 2024*)

## AUDIT COMMITTEE

Mr. Kwong Wai Sun Wilson (*Chairman*)  
Mr. Tao Wenquan (*retired on 14 June 2024*)  
Mr. Zhao Yuwen  
Ms. Tse Wan Joyce (*appointed on 14 June 2024*)

## REMUNERATION COMMITTEE

Mr. Kwong Wai Sun Wilson (*Chairman*)  
Mr. Zhang Fubo (*stepped down on 31 December 2024*)  
Mr. Tao Wenquan (*retired on 14 June 2024*)  
Mr. Zhao Yuwen  
Ms. Tse Wan Joyce (*appointed on 14 June 2024*)  
Mr. Qiu Bo (*appointed on 31 December 2024*)

## NOMINATION COMMITTEE

Mr. Wang Yu (*Chairman*)  
Mr. Kwong Wai Sun Wilson  
Mr. Zhao Yuwen

## COMPANY SECRETARY

Mr. Lu Bin

## AUTHORIZED REPRESENTATIVES

Mr. Wang Yu  
Mr. Lu Bin (*stepped down on 31 December 2024*)  
Mr. Qiu Bo (*appointed on 31 December 2024*)

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## PRINCIPAL PLACE OF BUSINESS IN CHINA

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

## AUDITOR

Zhonghui Anda CPA Limited

## LEGAL ADVISER

As to Hong Kong law  
Herbert Smith Freehills



## **CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **HONG KONG SHARE REGISTRAR**

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

## **COMPANY WEBSITE**

[www.sfcegroup.com](http://www.sfcegroup.com)

## **STOCK CODE**

01165



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited results of the Group for the Year.

In 2024, the Company has been adhering to the clear and responsive strategies and the effective resources allocation plan devised by the Board and the management previously in order to strike a balance between continuing to hold long-term assets and reducing short-term cash flow deficit in the interests of the Shareholders and the Company.

Undoubtedly, 2024 is a challenging year for the Company. Pursuant to the Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies (《關於開展可再生能源發電補貼自查工作的通知》) (hereinafter referred to as the "324 Notice") jointly issued by the General Office of the National Development and Reform Commission, the General Office of Ministry of Finance and the National Energy Administration on 24 March 2022, the nationwide inspection of renewable energy power generation subsidies has been carried out. By the end of the Year, the relevant authorities have not yet announced the results of the subsidies inspection on some of the Company's solar power plants in the PRC, which has resulted in the fact that the Company has not completed the sale of the project of solar power plant project in 2024.

Furthermore, as mentioned in the Company's announcement dated 1 November 2024, the two bondholders of the Group's 2015 corporate bonds applied to the Changzhou Intermediate People's Court of Jiangsu Province for enforcement of the case; and as mentioned in the Company's announcement dated 13 February 2025, True Bold Global Limited, one of the Company's creditors, filed a winding-up petition against the Company with the High Court of the Hong Kong Special Administrative Region.

Notwithstanding the above, the Company has persistently maintained full communication and friendly negotiations with all creditors, striving to seek a solution. At the same time, the Company is also actively seeking potential buyers to negotiate the proposed disposal of certain solar power plant assets, thereby reducing the Company's total debt and finance costs.



*A Global Leading  
Clean Energy Supplier*

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

Total Power  
Generated Of  
**208,517 MWh**  
by 2024

## FUTURE PROSPECT

Looking forward, the Company expects to receive the results of the subsidies inspection of the solar power plants under the 324 Notice as soon as possible, so as to promote the proposed disposal plan of certain solar power plants of the Company and improve the cash flow position of the Company. Meanwhile, we expect to reach a consensus with all creditors on the solution.

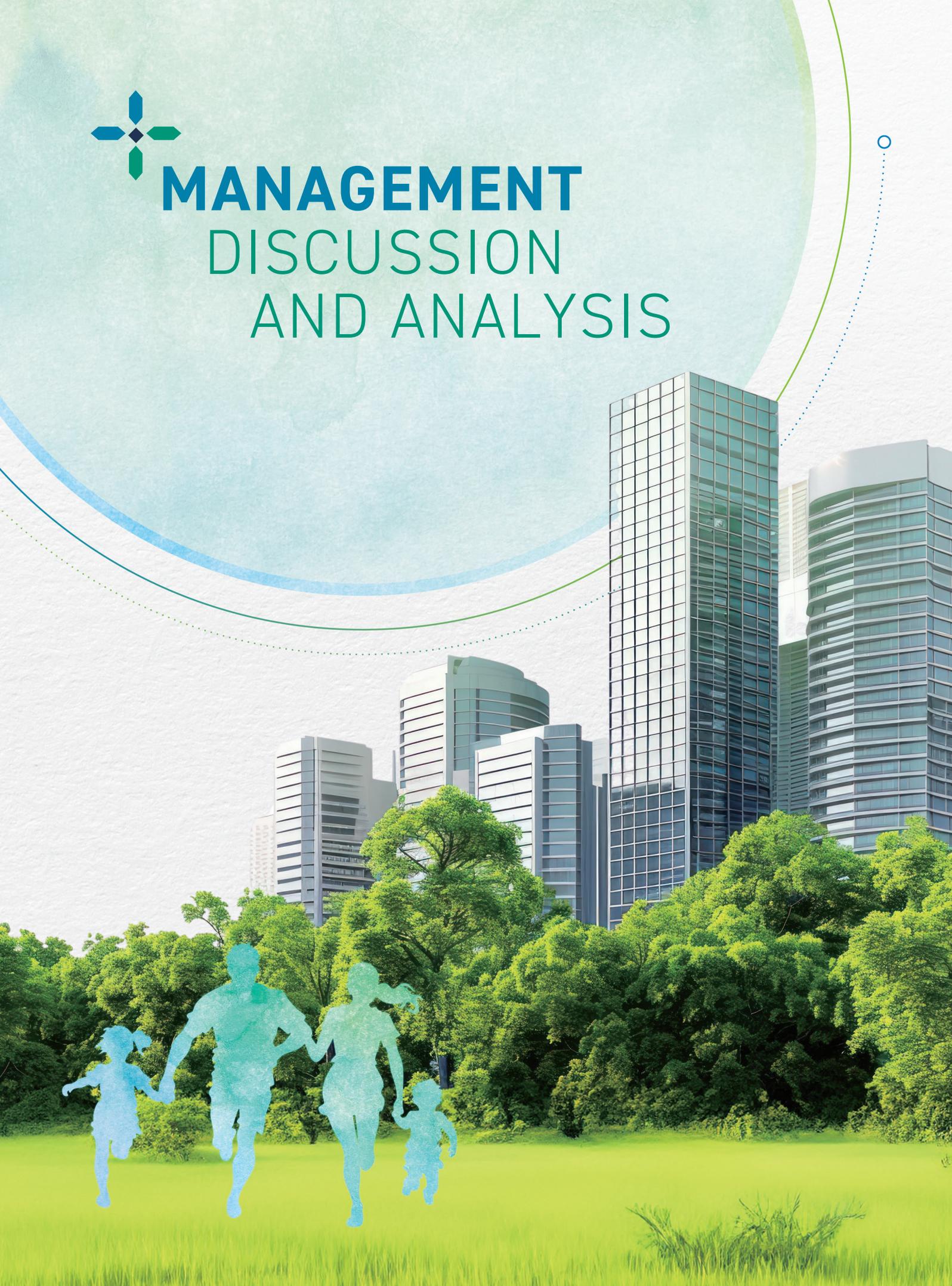
On behalf of the Board, I would like to thank our management team and staff for their dedication and commitment, and our Shareholders and business partners for their staunch support and trust.

**Wang Yu**  
*Chairman*

28 March 2025



# MANAGEMENT DISCUSSION AND ANALYSIS



# MANAGEMENT DISCUSSION AND ANALYSIS



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

## BUSINESS REVIEW

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

### Solar power generation in the PRC

During the Year, the solar power plants in the PRC owned by the Group generated an aggregate of approximately 208,517MWh.

	For the year ended 31 December		
	2024 MWh	2023 MWh	% of Changes
Power generation volume in the PRC	<b>208,517</b>	298,718	(30.2%)

The Group's solar power plants in the PRC realised a total installed capacity of on-grid generation of approximately 256MW as of 31 December 2024.

### Geographical information

During the Year, the top five customers represented approximately 60.7% of total revenue, as compared to approximately 56.9% for the year ended 31 December 2023. The largest customer accounted for approximately 14.3% of total revenue, as compared to approximately 14.9% for the year ended 31 December 2023. The largest customer is Kezhou Power Supply Company of State Grid Xinjiang Electric Power Company Limited, which is one of the state grid branch companies in the PRC to which the Company sells the electricity.

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

## FINANCIAL REVIEW

### Revenue

#### Solar power generation in the PRC

Revenue decreased by RMB78.7 million, or 33.0%, from RMB238.5 million for the year ended 31 December 2023 to RMB159.8 million for the Year, primarily due to the completion of registration for the share transfer of target companies in connection with solar power plants disposals for the Year, while there was no such revenue recognised during the Year. In particular, the completion of registration for the share transfer of the 100% equity interest of Baoshan Changshan Shunfeng Shangde New Energy Co., Ltd\* (保山長山順風尚德新能源有限公司) in February 2023 and the 100% equity interest of Pu Xin Cheng Da (BVI) Limited in respect of the 2022 Second Disposal in June 2023, contributed to the decrease in revenue 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 RMB65 million and the power generation volume also recorded an estimated loss of approximately 82,000 MWh for the Year.

### Cost of sales

Cost of sales decreased by RMB1.6 million, or 1.3%, from RMB120.3 million for the year ended 31 December 2023 to RMB118.7 million for the Year, primarily because the power generation volume in the PRC decreased by 90,201 MWh, or 30.2% from 298,718 MWh for the year ended 31 December 2023 to 208,517 MWh for the Year.

### Gross profit

Gross profit decreased by RMB77.1 million, or 65.2%, from RMB118.2 million for the year ended 31 December 2023 to RMB41.1 million for the Year.

### Other income

Other income decreased by RMB4.1 million, or 46.6%, from RMB8.8 million for the year ended 31 December 2023 to RMB4.7 million for the Year, primarily due to a bank interest income decreased by RMB3.7 million, or 90.2% from RMB4.1 million for the year ended 31 December 2023 to RMB0.4 million for the Year.



### Other gains and losses, net

Other gains and losses recorded a net loss decreased by RMB89.6 million, or 54.0%, from RMB165.8 million for the year ended 31 December 2023 to RMB76.2 million for the Year, which was primarily due to (i) an impairment loss on intangible assets decreased by RMB50 million, or 83.1% from RMB60.2 million for the year ended 31 December 2023 to RMB10.2 million for the Year, (ii) a loss on disposal of subsidiaries of RMB28.6 million recorded for the year ended 31 December 2023, while there was no such loss recorded for the Year, and (iii) a decrease in a net foreign exchange loss by RMB18.9 million, or 19.3% from RMB98.1 million for the year ended 31 December 2023 to RMB79.2 million for the Year was recorded.

### Impairment losses under expected credit loss model, net of reversal

An impairment loss under expected credit loss model recorded RMB32.2 million for the Year, while a net of reversal of impairment loss under expected credit loss model recorded RMB47.3 million for the year ended 31 December 2023, primarily due to (i) a loss allowance recognised on other receivables of RMB43.1 million was recorded for the Year, while a loss allowance reversed on other receivables of RMB18.1 million was recorded for the year ended 31 December 2023, and (ii) a loss allowance reversed on amounts due from the related parties and a non-controlling shareholder decreased by RMB13.8 million, or 45.8% from RMB30.1 million for the year ended 31 December 2023 to RMB16.3 million for the Year.

### Administrative expenses

Administrative expenses decreased by RMB18.4 million, or 23.4%, from RMB78.6 million for the year ended 31 December 2023 to RMB60.2 million for the Year.

### Share of profits of associates

Share of profits of associates decreased by RMB0.2 million or 11.1%, from RMB1.8 million for the year ended 31 December 2023 to RMB1.6 million for the Year.

### Finance costs

Finance costs decreased by RMB80.2 million, or 20.1%, from RMB398.2 million for the year ended 31 December 2023 to RMB318.0 million for the Year, primarily due to the decrease in interest on bank and other borrowings by RMB61.6 million, or 26.0%, from RMB236.7 million for the year ended 31 December 2023 to RMB175.1 million for the Year.

### Loss before tax

Due to the above reasons, loss before tax decreased by RMB27.1 million, from a loss of RMB466.4 million for the year ended 31 December 2023 to a loss of RMB439.3 million for the Year.

### Income tax expense

Income tax expense decreased by RMB3.6 million, from RMB4.6 million for the year ended 31 December 2023 to RMB1.0 million for the Year.

### Loss for the Year

As a result of the reasons stated above, the loss for the year decreased by RMB30.7 million, or 6.5%, from the loss of RMB471.0 million for the year ended 31 December 2023 to the loss of RMB440.3 million for the Year.

### Trade receivables turnover days

The trade receivables turnover days as at 31 December 2024 was 1,814.9 days (31 December 2023: 1,247.9 days). The increase in turnover days was primarily due to the decrease of the tariff subsidies to be received by the Group.

### Trade payables turnover days

The trade payables turnover days as at 31 December 2024 was 38.0 days (31 December 2023: 66.1 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 2024, the Group's current ratio (current assets divided by current liabilities) was 0.43 (31 December 2023: 0.53).

As at 31 December 2024, the Group was in a negative net cash position of RMB3,608.6 million (31 December 2023: a negative net cash position of RMB3,444.6 million), which included cash and cash equivalents of RMB13.1 million (31 December 2023: RMB97.4 million), bank and other borrowings of RMB1,627.5 million (31 December 2023: RMB1,608.6 million), convertible bonds of RMB114.0 million (31 December 2023: RMB264.0 million), bond payables of RMB585.4 million (31 December 2023: RMB585.4 million), loan from a related company of RMB678.8 million (31 December 2023: RMB664.2 million) and bond payable to a related company of RMB616.0 million (31 December 2023: 419.8 million).



The Group's bank and other borrowings, cash and bank balances and restricted bank deposits were mainly denominated in RMB and HKD. The Group's net debt to equity ratio (net debt divided by shareholders' equity) increased from -161.0% as at 31 December 2023 to -121.2% as at 31 December 2024.

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 2023: Nil).

### **Contingent liabilities, guarantees and major litigation**

As at 31 December 2024, the Group did not provide guarantees to independent third parties and related parties (31 December 2023: Nil).

On 10 June 2022, a Creditor of a bondholder of 2016 Corporate Bond filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to pay the principal amount of RMB142,000,000 of the 2016 Corporate Bond and interest of the 2016 Corporate Bond to the Creditors.

Further, the Second Freezing Order was issued by Changzhou Intermediate People's Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Hainan Xinsheng, Yingjisha, Kezhou Baishide and Tongwei have been put under the Second Freezing Order. As at 31 December 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (2023: RMB255,463,000) and accrued bond interests of RMB120,978,000 (2023: RMB101,253,000) were recognised in bond payables and other payables, respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142,000,000 and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

References are made to the Company's announcements dated 4 July 2022, 25 November 2022, 29 December 2022, 13 June 2023 and 12 January 2024 and the Company's circular (the "**Circular**") dated 26 October 2022, in relation to the Final Sale and Purchase Agreements entered into among the Purchaser, the Vendor, Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company on 29 June 2022 and 13 June 2023 respectively. Unless otherwise defined, capitalised terms shall have the meanings as defined in the Circular. On 29 December 2023, the Company, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Vendor (collectively, as the defendants) received a Writ of Summons issued on 29 December 2023 by the Purchaser (as the plaintiff) in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region, claiming for the difference of loss of Xinjiang Pu Xin Cheng Da from 30 September 2020 to the date of Completion and the change of equity of Xinjiang Pu Xin Cheng Da from 31 December 2021 to the date of Completion, and other relevant costs. The Company disagrees with the claim and is currently seeking legal advice in respect of the above proceedings and intends to defend its position.

During the Year, the Company received the statement of claim from the plaintiff and the Company submitted the statement of defence to the Court of First Instance, as well as other court documents, including but not limited to witness statement and timetable questionnaire. Both the Company and the plaintiff stated their own intention to settle this case by mediation, a case management conference hearing is fixed for 29 May 2025. Except for the above, as of the date of this report, there is no further update.

### **Charges on the Group's assets**

At the end of the reporting period, save for restricted bank deposits and the right-of-use assets, the Group had pledged its 100% equity interest in Shunfeng Photovoltaic Holdings Limited (31 December 2023: 100% equity interest in Shunfeng Photovoltaic Holdings Limited). Meanwhile, 90% to 100% equity interests and related assets of 17 (31 December 2023: 17) subsidiaries of the Group, which operated solar power generation, were also pledged in order to obtain bank and other borrowings.

As at 31 December 2024, the Group had pledged certain trade and other receivables with a carrying amount of RMB939.9 million (31 December 2023: RMB865.7 million) and solar power plants with a carrying amount of RMB950.5 million (31 December 2023: RMB1,031.6 million) to various banks and other financial institutions for securing loans and general credit facilities granted to the Group.

As at 31 December 2024, the Group had pledged right-of-use assets and other deposits included in other non-current assets with a carrying amount of RMB13.5 million (31 December 2023: RMB13.5 million).

As at 31 December 2024, the Group pledged restricted bank deposits in an aggregate amount of approximately RMB5.7 million (31 December 2023: RMB6.4 million) to banks to secure banking credit facilities granted to the Group.



Save as disclosed above, as at 31 December 2024 and 31 December 2023, 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**

There was no significant investments held and material acquisitions or disposals during the Year.

### **Human resources**

As at 31 December 2024, the Group had 72 employees. The remuneration packages for the existing employees include basic salaries, discretionary bonuses and social security contributions. Pay levels of the employees are commensurate with their responsibilities, performance and contribution.

### **Final dividend**

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

### **Events subsequent to the Year**

References are made to the Company's announcements dated 13 February 2025, 19 February 2025 and 23 April 2025, a winding-up Petition against the Company dated 13 February 2025 was filed by the creditor of the other borrowings at the High Court of the Hong Kong Special Administrative Region in connection with the financial obligation of the Company of the outstanding overdue principal amount and accrued interest in aggregate of HK\$289.1 million. The Petition was heard before Master of the High Court of Hong Kong on 23 April 2025. It was ordered that the hearing of the Petition be adjourned to 7 May 2025 before Master. The Company will negotiate with the Petitioner about a practicable settlement plan, and will further seek legal advice and take all necessary actions to protect its legal rights. In view of the impact of the Petition on the transfer of shares, the Company intends to make an application to the High Court for a validation order. Shareholders are reminded that there is no guarantee that the validation order would be granted by the High Court. In the event that a validation order is not granted but the winding up order (if any) is not dismissed or permanently stayed, all transfers of Shares, made after the commencement of the winding-up, shall be void.

# FIVE-YEAR STATISTICS

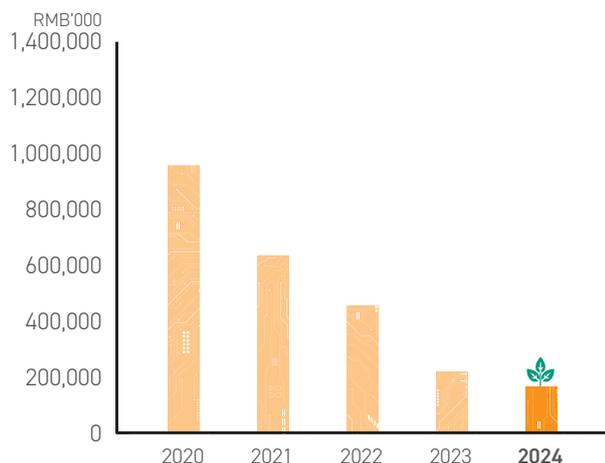
Year	2020 Restated	2021 Restated	2022	2023	2024
<b>Financial performance</b>					
Turnover growth (%)	(33.9%)	(28.1%)	(51.8%)	(23.8%)	<b>(33.0%)</b>
Gross profit margin (%)	49.5%	45.6%	46.1%	49.6%	<b>25.7%</b>
Net profit margin (%)	N/A	N/A	N/A	N/A	<b>N/A</b>
EBITDA (in RMB thousands)	555,739	87,863	411,541	43,904	<b>(20,662)</b>
Adjusted EBITDA* (in RMB thousands) (Note 1)	867,521	537,179	300,036	177,678	<b>97,684</b>
Adjusted EBITDA margin (%)	95.9%	82.6%	95.8%	74.5%	<b>61.1%</b>
Earnings/(Loss) per share (in RMB cents)	(11.08)	(14.96)	(3.48)	(8.84)	<b>(8.57)</b>
Total indebtedness (in RMB thousands)	6,587,477	3,717,750	3,789,336	2,457,934	<b>2,326,836</b>
Gearing ratio (%) (Note 2)	98.7%	129.1%	144.2%	263.9%	<b>571.0%</b>
Interest coverage (times)	0.7	0.3	1.0	0.1	<b>(0.1)</b>
Trade receivable turnover (in days)	453.1	571.1	990.2	1,247.9	<b>1,814.9</b>
Trade payable turnover (in days)	341.6	138.7	102.7	66.1	<b>38.0</b>
Inventory turnover (in days)	N/A	N/A	N/A	N/A	<b>N/A</b>
<b>Operation performance</b>					
Power Generation Volume (MWh)	1,182,567	867,275	399,828	298,718	<b>208,517</b>
<b>Assets and liabilities</b>					
Total assets (in RMB thousands)	9,708,470	6,806,991	5,058,798	3,249,639	<b>3,053,404</b>
Total liabilities (in RMB thousands)	9,625,419	7,632,260	6,057,492	4,715,761	<b>4,961,981</b>

Notes:

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

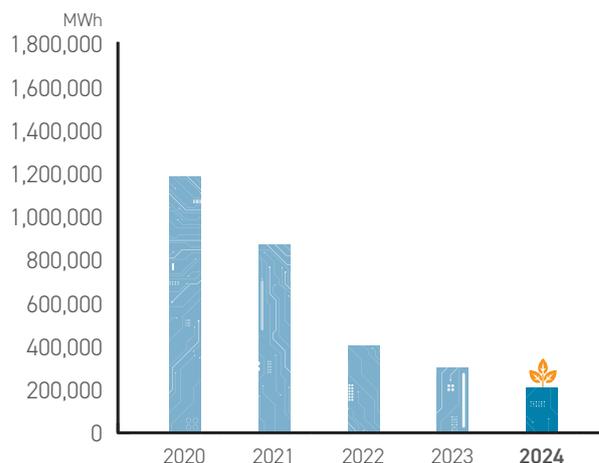


### Revenue



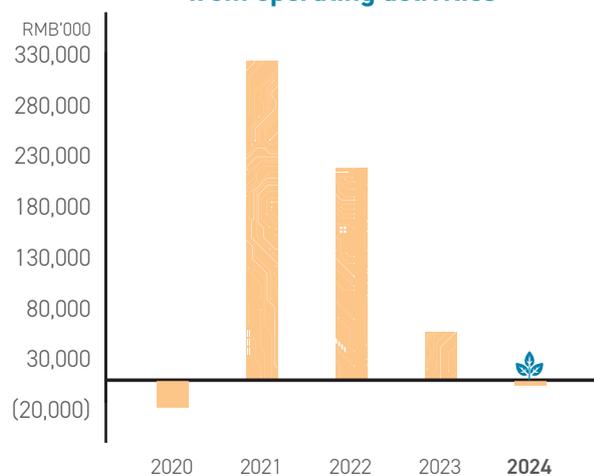
Solar power generation business in the PRC

### Power generation volume

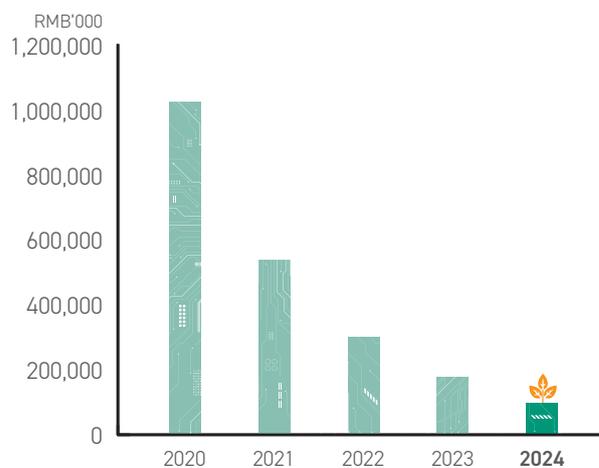


Power generation volume in the PRC

### Net cash (used in)/generated from operating activities

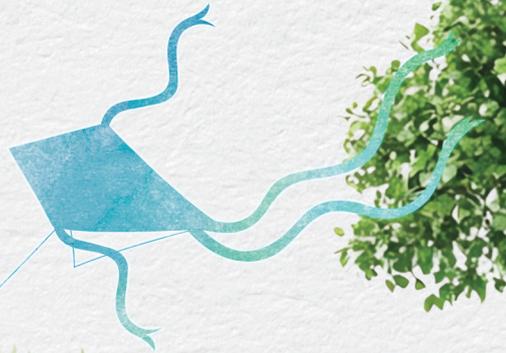
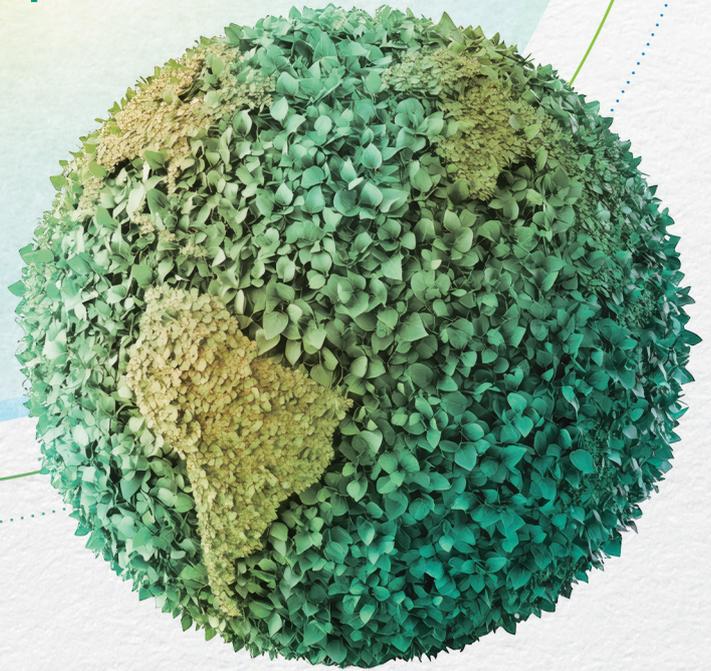


### Adjusted EBITDA





# 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 C1 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 five Directors, including two Executive Directors, namely, Mr. Wang Yu (Chairman and Chief Executive Officer) and Mr. Qiu Bo; and three Independent Non-Executive Directors, namely, Mr. Zhao Yuwen, Mr. Kwong Wai Sun Wilson and Ms. Tse Wan Joyce. Biographical information of the Directors are set out in the section headed "Biographical Details of Directors" of this annual report.

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

### Model Code

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

### Chairman and Chief Executive Officer

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

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

### Independent Non-Executive Directors

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

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

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

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



According to code provision B.2.3 of the Corporate Governance Code, if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by the Shareholders. As at the year ended 31 December 2024, two independent non-Executive directors 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 two independent non-executive directors' independent scope of work in the past years, the Board considers all of them to be independent under the Listing Rules despite the fact that they have served the Company for more than 9 years. The two independent non-executive directors have confirmed that they will continue to devote sufficient time for the discharge of their functions and responsibilities as Independent Non-Executive Directors. With their background, the two independent non-executive directors are fully aware of the responsibilities and expected amount of time dedicated to the Company. Based on the foregoing, the Board believes that their positions outside the Company will not affect them in maintaining their current roles in, and their functions and responsibilities for the Company. The Board also believes that their continued tenure will bring considerable stability to the Board and the Board has benefited greatly from the presence of all of them who have over time gained valuable insight of the Group.

### 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. Mr. Qiu Bo (appointed on 31 December 2024) and Ms. Tse Wan Joyce (appointed on 14 June 2024) were appointed during the accounting period covered by the annual report. Mr. Qiu Bo had obtained the legal advice referred to in Rule 3.09D on 30 December 2024 and Ms. Tse Wan Joyce had obtained the legal advice referred to in Rule 3.09D on 22 May 2024. Both directors have confirmed that they understood their obligations as a director of a listed issuer.

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:

	<b>Corporate Governances/ Updates on laws, rules and regulations</b>
	<b>Read materials</b>
<i>Executive Directors</i>	
Mr. Wang Yu	2/2
Mr. Qiu Bo ( <i>appointed on 31 December 2024</i> )	1/1
Mr. Zhang Fubo ( <i>stepped down on 31 December 2024</i> )	2/2
Mr. Lu Bin ( <i>stepped down on 31 December 2024</i> )	2/2
Mr. Chen Shi ( <i>stepped down on 31 December 2024</i> )	2/2
<i>Independent non-executive Directors</i>	
Mr. Zhao Yuwen	
Mr. Kwong Wai Sun Wilson	2/2
Ms. Tse Wan Joyce ( <i>appointed on 14 June 2024</i> )	2/2
Mr. Tao Wenquan ( <i>stepped down on 14 June 2024</i> )	1/1

### 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:

	<b>Board Meeting</b>
No. of meetings held	4
<b>No. of meetings attended</b>	
<i>Executive Directors</i>	
Mr. Wang Yu	4/4
Mr. Qiu Bo ( <i>appointed on 31 December 2024</i> )	0/4
Mr. Zhang Fubo ( <i>stepped down on 31 December 2024</i> )	4/4
Mr. Lu Bin ( <i>stepped down on 31 December 2024</i> )	4/4
Mr. Chen Shi ( <i>stepped down on 31 December 2024</i> )	4/4
<i>Independent non-executive Directors</i>	
Mr. Zhao Yuwen	3/4
Mr. Kwong Wai Sun Wilson	4/4
Ms. Tse Wan Joyce ( <i>appointed on 14 June 2024</i> )	2/4
Mr. Tao Wenquan ( <i>stepped down on 14 June 2024</i> )	1/4

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

### Appointments, Re-election and Removal of Directors

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



### **Diversity of the Board and Workforce**

The Company values gender diversity, and the Board reviews the implementation and effectiveness of the Board diversity policy on an annual basis. The Board was aware the Board diversity policy to include appointment of at least a director of a different gender so that the potential successors to the Board can achieve gender diversity, the Board has appointed an independent non-executive director Ms. Tse Wan Joyce at the annual general meeting on 14 June 2024. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2024, the Group had 72 employees and the proportion of male employees and female employees in the Group's total employees was 56% and 44%, respectively. The Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service.

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

### **Board Committees**

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

### Audit Committee

The audit committee was established in May 2011 with written terms of reference. The primary duties of the audit committee are to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and develop and implement policy on engaging an external auditor to supply non-audit services. Its written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the audit committee consisted of three members, namely Mr. Kwong Wai Sun Wilson, Mr. Zhao Yuwen, Mr. Tao Wenquan who was retired on 14 June 2024 and Ms. Tse Wan Joyce who was appointed on 14 June 2024, 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 2023 and the interim report for the six months ended 30 June 2024 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:

	<b>Committee Meeting</b>
No. of meetings held	2
<b>No. of meetings attended</b>	
Mr. Kwong Wai Sun Wilson	2/2
Mr. Zhao Yuwen	2/2
Ms. Tse Wan Joyce ( <i>appointed on 14 June 2024</i> )	1/2
Mr. Tao Wenquan ( <i>retired on 14 June 2024</i> )	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 E.1.2(c)(ii) of the Corporate Governance Code and the remuneration committee's written terms of reference are in line with the code provisions in the Corporate Governance Code. During the Year, the remuneration committee consisted of four members, namely, Mr. Kwong Wai Sun Wilson (Independent Non-Executive Director), Mr. Zhao Yuwen (Independent Non-Executive Director), Mr. Tao Wenquan (Independent Non-Executive Director, who was retired on 14 June 2024), Ms. Tse Wan Joyce (Independent Non-Executive Director, who was appointed on 14 June 2024), Mr. Zhang Fubo (Executive Director, who was stepped down on 31 December 2024) and Mr. Qiu Bo (Executive Director, who was appointed on 31 December 2024). Mr. Kwong Wai Sun Wilson is the chairman of the remuneration committee.



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

#### Committee Meeting

No. of meetings held	2
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#### No. of meetings attended

Mr. Kwong Wai Sun Wilson	2/2
Mr. Zhao Yuwen	2/2
Ms. Tse Wan Joyce ( <i>appointed on 14 June 2024</i> )	1/2
Mr. Qiu Bo ( <i>appointed on 31 December 2024</i> )	0/2
Mr. Tao Wenquan ( <i>retired on 14 June 2024</i> )	1/2
Mr. Zhang Fubo ( <i>stepped down on 31 December 2024</i> )	1/2

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

Remuneration band	No. of individuals
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RMBNil – RMB500,000	4
RMB1,000,000 – RMB1,500,000	4
RMB1,500,001 – RMB2,000,000	3

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 15 to the consolidated financial statements.

#### Nomination Committee

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

During the Year, the nomination committee held two meetings 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	2
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#### No. of meetings attended

Mr. Wang Yu	2/2
Mr. Zhao Yuwen	2/2
Mr. Kwong Wai Sun Wilson	2/2

### (c) Financial Reporting

The Directors, supported by the head of group finance department, acknowledge their responsibility for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for that period. As set out in note 2.1 to the consolidated financial statements, the directors have given careful consideration to the going concern of the Group in light of the fact that the Group reported a loss of RMB440,269,000 for the year ended 31 December 2024 and, as at 31 December 2024 the Group's equity attributable to owners of the Company was a deficit of RMB1,972,076,000 and the Group's current liabilities exceeded its current assets by RMB2,587,807,000 as at 31 December 2024, representing an increase of RMB817,225,000 from RMB1,770,582,000 as at 31 December 2023. Further, as set out in note 2.1 to the consolidated financial statements, during the year ended 31 December 2024, there were two freezing orders issued in relation to the bond payables. These conditions indicate the existence of multiple uncertainties that cast a significant doubt on the Group's ability to continue as a going concern. The directors of the Company are undertaking certain measures to improve the Group's liquidity and financial position which are set out in note 2.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of the measures as set out in note 2.1 to the consolidated financial statements. The Company's auditors issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Disclaimer**").

The Company has been implementing a series of plans and measures to address the uncertainties relating to going concerns since the publication of the financial statements for the year ended 31 December 2023, including the following:

The Company has been implementing a series of plans and measures to address the uncertainties relating to going concerns since the publication of the prior year results, including the following:

**a. Collection of the remaining proceeds from the 2019 Disposals**

The Company has not received any proceeds from the 2019 Disposals during the Year. As at the date of this report, proceeds of an aggregate amount of RMB1,361.6 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB13.7 million by December 2025.

**b. Collection of the remaining proceeds from the 2020 Disposals**

The Company has not received any proceeds from the 2020 Disposals during the Year. As at the date of this report, proceeds of an aggregate amount of RMB495.2 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB0.5 million by June 2026.



**c. Collection of the remaining proceeds from the 2021 First Disposals**

The Company has received proceeds of RMB4.3 million from the 2021 First Disposals during the Year. As at the date of this report, proceeds of an aggregate amount of RMB208.2 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB23.2 million by December 2025.

**d. Collection of the remaining proceeds from the 2021 Third Disposals**

The Company has not received any proceeds from the 2021 Third Disposals during the Year. As at the date of this report, proceeds of an aggregate amount of RMB17.6 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB2 million by June 2026.

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

The Company has received proceeds of RMB10.2 million from the Forced Sale during the Year. As at the date of this report, proceeds of an aggregate amount of RMB382.1 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB35 million by December 2025.

**f. Collection of the remaining proceeds from the 2021 Second Disposals**

The Company has received proceeds of RMB19.8 million from the 2021 Second Disposals during the Year. As at the date of this report, proceeds of an aggregate amount of RMB355.2 million has been received by the Company. The Company expects to receive the remaining proceeds of RMB1.2 million by June 2026.

**g. 2022 Second Disposal**

As disclosed in the announcement of the Company dated 4 July 2022, Shunfeng Photovoltaic Holdings Limited, Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company, entered into the sale and purchase agreement (the "**2022 Second Disposal Sale and Purchase Agreement**") with Sino Alliance Capital Ltd. (as the purchaser), pursuant to which Shunfeng Photovoltaic Holdings Limited has conditionally agreed to sell, and Sino Alliance Capital Ltd. has conditionally agreed to purchase, the target equity interest, representing 100% of the equity interests in Pu Xin Cheng Da (BVI) Limited which holds 100% entity interest in Xinjiang Pu Xin Cheng Da, at an aggregate consideration of approximately RMB664.3 million, which was equivalent to approximately HK\$777.5 million. The 2022 Second Disposal was approved by the Shareholders at the extraordinary general meeting on 25 November 2022. The registration of share transfer of Pu Xin Cheng Da (BVI) Limited was completed in June 2023. Pursuant to the 2022 Second Disposal Sale and Purchase Agreement, the consideration has been set off against the outstanding principal owed by Shunfeng Photovoltaic Holdings Limited to Sino Alliance Capital Ltd., and Sino Alliance Capital Ltd. has also waived the remaining outstanding principal and interest owed by Shunfeng Photovoltaic Holdings Limited to Sino Alliance Capital Ltd. on the completion date of the share transfer.

**h. Ongoing negotiations**

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

Despite the actions taken by the Company as disclosed above, the Company faced the following unexpected circumstances during the Year:

- a. on 24 March 2022, the General Office of the National Development and Reform Commission, the General Office of Ministry of Finance and the National Energy Administration jointly promulgated the Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies (《關於開展可再生能源發電補貼自查工作的通知》) (the "324 Notice"), which determines the nationwide inspection of renewable energy power generation subsidies and requires renewable energy power generation enterprises to conduct self-inspections in six aspects, including project compliance, scale, electricity volume, tariff and subsidy funds. Given the relevant inspection works relating to the 324 Notice was still in the progress during the year ended 31 December 2024, the possible disposals of further solar power plants have been significantly delayed until the inspection results announced.

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

The Company expects that the Disclaimer could be removed in the auditors' report for the year ending 31 December 2025 if the proposed plans and measures set out in this annual report can be implemented successfully and absent of any other material adverse event which may have a significant impact on the business of the Group.

The Company's management concurs with the Company's auditors' view in relation to major judgemental areas in the 2024 Financial Statements, including the material uncertainties relating to the going concern basis described in the Basis for Disclaimer of Opinion section of the auditors' report. The audit committee has critically reviewed and agreed with the basis of the Disclaimer Opinion (including the management's position and basis on matters involving management's substantial judgments), and the Company's action plan to address the Disclaimer. In forming such view, the audit committee has taken the following steps:

- a. in August 2024, members of the audit committee met with the Company's auditors to discuss the status of the series of plans and measures the Company has been implementing;
- b. in January 2025, members of the audit committee met with the Company's auditors to discuss the audit plan and the issues faced by the Company in the preparation of the 2024 annual results. During the meeting, the audit committee was informed by the Company's auditors about the potential basis of preparation to be adopted for the Disclaimer Opinion;
- c. at the meeting of the audit committee held on 27 March 2025, the audit committee considered the 2024 annual results with reference to the draft results announcement. During the meeting, the members of the audit committee discussed with the management and the Company's auditors of the series of plans and measures to solve the Disclaimer Opinion. The management responded with the updated of the action plan that the Company is currently working on, particularly to provide an update of a settlement plan to respond the winning-up petition against to the Company; and
- d. at the Board meeting held on 28 March 2025, the audit committee reported to and discussed with the Board the Disclaimer Opinion, which, as mentioned above, had been discussed with the Company's auditors on the audit committee meeting on 27 March 2025. The Board also discussed with the audit committee the detailed action plan to address the Disclaimer Opinion, as well as the future prospects of the Company, including but not limited to plans to conduct potential business development and negotiation of alternative financing and extensions with creditors, banks, financial institutions and bondholders.



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

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

#### External Auditor's Remuneration

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

	RMB'000
Audit services	2,100
Non-audit services	400

#### (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 2024 to 31 December 2024 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 2024 were effective and adequate. The Group will continue to strengthen its ERM framework and implementation to meet the best practice within the industry. The aforementioned risk management and internal control systems aim to provide reasonable assurance, rather than eliminate the risk of failing to achieve business objectives. Therefore, such systems can only provide reasonable but not absolute assurance of not having any material misrepresentation or losses.

## (e) Shareholders' Rights

### Communications with Shareholders

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

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

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

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

By telephone: (852) 2363 9138

By email: [ir@sfcegroup.com](mailto:ir@sfcegroup.com)

The following table lists out the individual attendance of each Director at the annual general meeting of the Company which was held on 14 June 2024:

	<b>Meeting</b>
No. of meetings held	1
<b>No. of meetings attended</b>	
<i>Executive Directors</i>	
Mr. Wang Yu	1/1
Mr. Zhang Fubo	1/1
Mr. Lu Bin	0/1
Mr. Chen Shi	1/1
<i>Independent non-executive Directors</i>	
Mr. Zhao Yuwen	1/1
Mr. Kwong Wai Sun Wilson	1/1
Mr. Tao Wenquan ( <i>stepped down on 14 June 2024</i> )	1/1
Ms. Tse Wan Joyce ( <i>appointed on 14 June 2024</i> )	0/1

Code provision C.1.6 of the Corporate Governance Code provides that the Independent Non-Executive Directors and Non-Executive Director should attend general meetings of the Company. Mr. Wang Yu attended the AGM in person; Mr. Zhang Fubo, Mr. Chen Shi, Mr. Kwong Wai Sun Wilson, Mr. Tao Wenquan and Mr. Zhao Yuwen attended the AGM by electronic means; and Mr. Lu Bin did not attend the AGM due to other business arrangement.

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

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

**Procedures for Shareholders to Put Forward Proposals at a General Meeting**

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

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

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

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

**(f) Dividend Policy**

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

**(g) Constitutional Documents**

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



# BIOGRAPHICAL DETAILS OF DIRECTORS

## DIRECTORS

### Executive Directors

**Mr. Wang Yu (王宇)**, aged 54, 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 27 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. Qiu Bo (邱波)**, aged 44, is an Executive Director of our Company, a member of the remuneration committee. Mr. Qiu has been serving as the president of Shunfeng Photovoltaic Investment (China) Co., Ltd (順風光電投資(中國)有限公司), a wholly-owned subsidiary of the Company since November 2018. He has over 20 years of expertise in financial management. Mr. Qiu holds a master's degree in business administration from City University of Macau and a bachelor's degree in accounting from Jiangsu Ocean University. Mr. Qiu worked as a head of finance department of AAC Technologies (Suzhou) Co., Ltd from June 2004 to November 2007, and then as financial manager of the same company from November 2007 to February 2010. He then served as the financial officer at Suntech Power Co., Ltd from February 2010 to June 2015, before moving on to serve as the vice president of Shunfeng Photovoltaic Investment (China) Co., Ltd (順風光電投資(中國)有限公司) from June 2015 to November 2018, and the vice president of Wuxi Suntech Power Co., Ltd, a wholly-owned subsidiary of the Company from April 2014 to September 2019, from February 2021 to November 2023.

### Independent Non-Executive Directors

**Mr. Zhao Yuwen (趙玉文)**, aged 85, 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 a supervisor of Chinese Renewable Energy Society (formerly known as China Solar Energy Society), and an 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. He has served as an independent director of JA Solar Technology Co., Ltd. (晶澳太陽能科技股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 002459) since December 2019. 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, stock code: JASO) 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 (龐偉信)**, aged 59, 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), and an independent non-executive director of C.banner International Holdings Limited (千百度國際控股有限公司) (stock code: 1028), China Outfitters Holdings Limited (中國服飾控股有限公司) (stock code: 1146), China New Higher Education Group Limited (中國新高教集團有限公司) (stock code: 2001) and East Buy Holding Limited (東方甄選控股有限公司) (stock code: 1797). These companies are listed on the Main Board of the Hong Kong Stock Exchange.

**Ms. Tse Wan Joyce (謝韻)**, aged 49, is an Independent Non-Executive Director of our Company, a member of the audit committee and remuneration committee. Ms. Tse is a managing director of China Galaxy International Securities (Hong Kong) Co., Ltd. She is an experienced banking and finance professional with over 20 years of expertise in financial management and client relations. Ms. Tse holds a master's degree in business administration from Open University of Hong Kong and a bachelor's degree in economics from University of Windsor. Ms. Tse worked as the vice president in equity sales at Guotai Junan Securities (Hong Kong) Limited from March 2001 to September 2002, and then a sales manager in equity at ICEA Securities Hong Kong Limited from October 2002 to April 2004. Ms. Tse then served as an assistant vice president in equity sales at CITIC Securities International Company Limited from May 2004 to September 2011, before she moved on to her current position as a managing director at China Galaxy International Securities (Hong Kong) Co., Ltd. in October of the same year.



# REPORT OF THE DIRECTORS

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

## PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in the business of solar power generation in the PRC and continues to proactively explore various kinds of clean energy resources.

## PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2024 are set out in note 41 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 13 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 45 to the consolidated financial statements and as set out in the section "Events subsequent to the Year" in this annual report, the Directors have not identified any important events affecting the Group that have occurred subsequent to the Year under review.

## KEY RISKS AND UNCERTAINTIES

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

### Business risks

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

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

### Foreign exchange rate risk

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

### Operational risk

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



## Liquidity risk

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

## COMPLIANCE WITH RELEVANT LAWS AND REGULATION

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

## RELATIONSHIPS WITH STAKEHOLDERS

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

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

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

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

## ENVIRONMENTAL POLICY

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

The Group's solar power plants generated approximately 208,517 MWh in 2024, which saved the consumptions of coal by 62,889 tonnes, and reduced emissions of smoke and dust, carbon dioxide and sulfur dioxide by 3 tonnes, 171,192 tonnes and 16 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 26 April 2024.

## **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 48 to 124 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 51 to 52.

## **DISTRIBUTABLE RESERVES OF THE COMPANY**

As at 31 December 2024, 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 48 of this annual report.

## **CHARITABLE DONATIONS**

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



## PROPERTY, PLANT AND EQUIPMENT AND SOLAR POWER PLANTS

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

## SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 38 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. Qiu Bo (*appointed on 31 December 2024*)  
Mr. Zhang Fubo (*stepped down on 31 December 2024*)  
Mr. Lu Bin (*stepped down on 31 December 2024*)  
Mr. Chen Shi (*stepped down on 31 December 2024*)

### Independent Non-executive Directors

Mr. Zhao Yuwen  
Mr. Kwong Wai Sun Wilson  
Ms. Tsw Wan Joyce (*appointed on 14 June 2024*)  
Mr. Tao Wenquan (*retired on 14 June 2024*)

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

Pursuant to Articles 83(3) and 84 of the Articles and a code provision B.2.2 of the Corporate Governance Code, Mr. Wang Yu, Mr. Qiu Bo and Ms. Tse Wan Joyce 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 32 to 33 of this annual report.

## DIRECTORS' INTERESTS IN CONTRACTS

During the Year, there was no contract of significance (as defined in Appendix D2 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 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the requirements of the Model Code were as follows:

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

Note:

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 31 December 2024, 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 2024, 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)	1,920,465,426 (long position)	37.79%
Asia Pacific Resources Development Investment Limited	Beneficial owner and interest of controlled corporation (Note 2)	1,996,022,617 (long position)	39.27%
Mr. Cheng Kin Ming	Beneficial owner and interest of controlled corporation (Note 3)	1,996,022,617 (long position)	39.27%
Faithsmart Limited	Interest of controlled corporation (Note 4)	1,996,022,617 (long position)	39.27%
FOK Hei Yu	Interest of controlled corporation (Note 5)	1,996,022,617 (long position)	39.27%
Gardner Aaron Luke	Interest of controlled corporation (Note 5)	1,996,022,617 (long position)	39.27%
Coherent Gallery International Limited	Beneficial owner (Note 6)	242,967,960 (long position)	4.78%
Mr. Tang Guoqiang	Interest of controlled corporation (Note 7)	392,968,898 (long position)	7.73%

Notes:

- Peace Link Services Limited is wholly owned by Asia Pacific Resources Development Investment Limited, which is in turn wholly owned by Faithsmart Limited, which is in turn wholly owned by Mr. Cheng Kin Ming. As at 31 December 2024, 523,364,486 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 entered into with the Company.
- 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 1,920,465,426 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 1,996,022,617 Shares held by Asia Pacific Resources Development Investment Limited and Peace Link Services Limited for the purpose of the SFO.
4. Faithsmart Limited is the beneficial owner of 100% shareholding in Asia Pacific Resources Development Investment Limited and, therefore, Faithsmart Limited is deemed to be interested in 1,996,022,617 Shares held by Asia Pacific Resources Development Investment Limited for the purpose of the SFO.
5. Mr Aaron Luke Gardner and Mr FOK Hei Yu were appointed as the Joint and Several Receivers and Managers of the entire issued share capital of Asia Pacific Resources Development Investment Limited held by Faithsmart Limited and other associated rights on 3 October 2023, pursuant to the share charge dated 4 October 2019 and the supplemental share charge dated 23 December 2021 entered into between Faithsmart Limited (as chargor) and Sino Alliance Capital Ltd. (as chargee).
6. Coherent Gallery International Limited is wholly owned by Mr. Tang Guoqiang.
7. Mr. Tang Guoqiang is the beneficial owner of 100% shareholding in Coherent Gallery International Limited and, therefore, Mr. Tang Guoqiang is deemed to be interested in 242,967,960 Shares held by Coherent Gallery International Limited for the purposes of the SFO.

Save as the disclosed above, to the best knowledge of the Directors, as at 31 December 2024, no person (other than the Directors or the chief executive of the Company) had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

### CONNECTED TRANSACTIONS

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

### CONTINUING CONNECTED TRANSACTIONS

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

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

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

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

### EQUITY-LINKED AGREEMENTS

Particulars regarding the outstanding convertible bonds of the Company as at 31 December 2024 are set out in note 36 to the consolidated financial statements.



## CONVERTIBLE BONDS RAISING ACTIVITIES

During the Year, no convertible bond has been issued.

## ISSUANCE OF CONSIDERATION SHARES

During the Year, no consideration shares were issued.

## CONTRACTS WITH THE CONTROLLING SHAREHOLDERS

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

## DIRECTORS' INTEREST IN COMPETING BUSINESS

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

## MANAGEMENT CONTRACTS

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

## PRE-EMPTIVE RIGHTS

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

## PERMITTED INDEMNITY PROVISION

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

## EMOLUMENT POLICY

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

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

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

## WAIVER OF DIVIDENDS

None of the shareholders have waived or agreed to waive any dividends during the Year.

### MAJOR CUSTOMERS AND SUPPLIERS

Aggregate sales attributable to the Group's largest and five largest customers were approximately 14.3% and approximately 60.7% of the Group's total sales, respectively.

Aggregate purchases attributable to the Group's largest and five largest suppliers were approximately 64.9% and approximately 82.3% of the Group's total purchases, respectively.

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

### AUDITOR

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

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

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

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

### SUFFICIENCY OF PUBLIC FLOAT

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

### BORROWINGS

The details of borrowings of the Group for the Year are set out in note 35 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 2024.

## 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 256 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 2024 is set out on page 125 of this annual report.

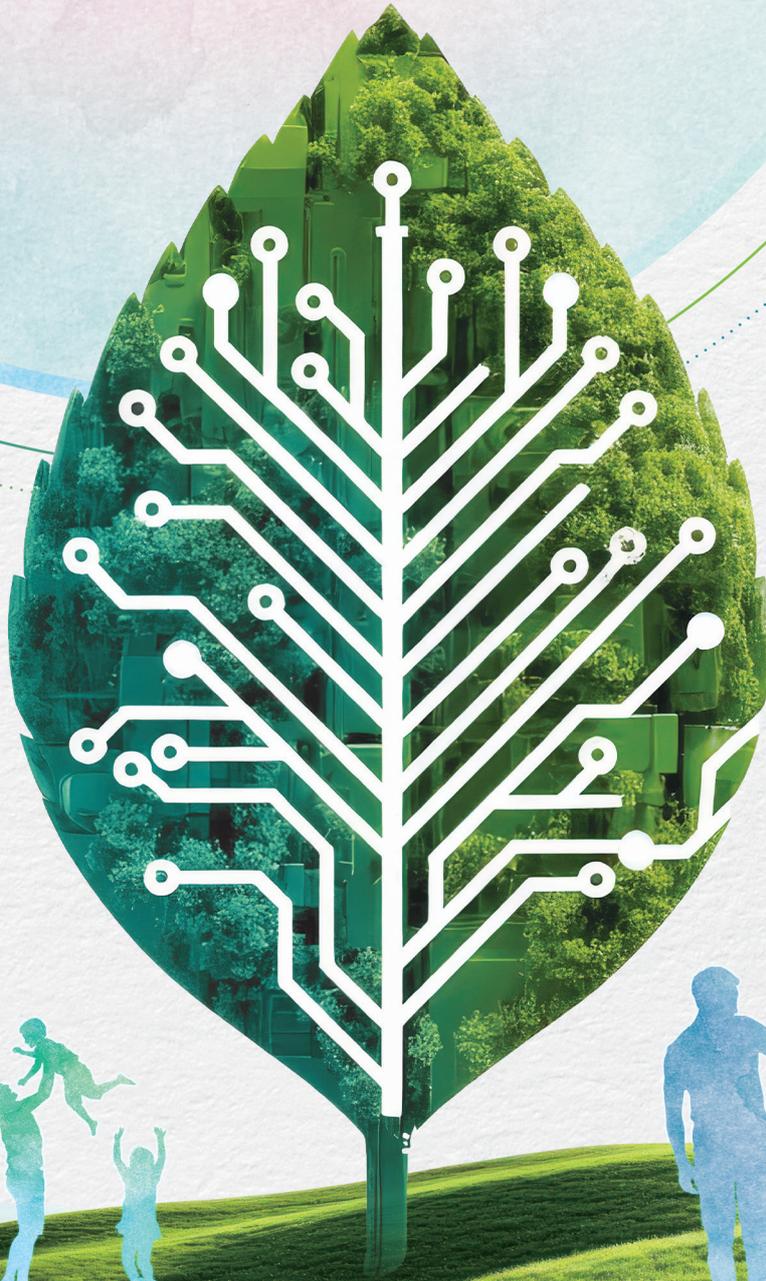
By order of the Board

**Wang Yu**  
*Chairman*  
Hong Kong

30 April 2025



# FINANCIAL SECTION





## TO THE SHAREHOLDERS OF SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

順風國際清潔能源有限公司

*(Incorporated in the Cayman Islands with limited liability)*

### DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Shunfeng International Clean Energy Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 124, which comprise the consolidated statement of financial position as at 31 December 2024, 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 material accounting policy information.

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

### BASIS FOR DISCLAIMER OF OPINION

As discussed in note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared, the Group incurred loss of RMB440,269,000 and RMB471,040,000 respectively for two consecutive years ended 31 December 2024 and 2023, and the Group had net current liabilities of RMB2,587,807,000 and net liabilities of RMB1,908,577,000 as at 31 December 2024. As at 31 December 2024, the Group had bank and other borrowings, convertible bonds and bond payables totalling RMB1,882,679,000 repayable within one year or on demand. Out of which, as at 31 December 2024, the Group had overdue bank and other borrowings and bond payables of approximately RMB908,316,000 and RMB585,372,000, respectively.

Further, two bondholders of the 2015 Corporate Bond (as defined in note 37 to the consolidated financial statements) initiated an arbitration with the Group through the Shanghai Arbitration Commission for the settlement of the outstanding principal and accrued bond interests in arrears. A freezing order (the "First Freezing Order") was issued by the Changzhou Intermediate People's Court of Jiangsu Province (the "Court") upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries have been put under the First Freezing Order. As at 31 December 2024, the total principal amount of RMB329,909,000 (2023: RMB329,909,000) and accrued bond interests of RMB145,817,000 (2023: RMB120,014,000) were recognised in bond payables and other payables, respectively. In May 2024, the Shanghai Arbitration Commission issued a judgment (the "Judgment") requiring Shunfeng Photovoltaic Investment (China) Company Limited (順風光電投資(中國)有限公司) ("Shunfeng Photovoltaic Investments") to repay the principal of the 2015 Corporate Bond of approximately RMB329,909,000 and the corresponding interest to the two bondholders. Due to the failure to fulfill the relevant repayment obligations as per Judgment, the two bondholders of the 2015 Corporate Bond applied for the enforcement regarding to the outstanding liabilities to the Court and the Court issued an enforcement notice in September 2024.

Another freezing order (the "Second Freezing Order") was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon a creditor (the "Creditor") of a bondholder of the 2016 Corporate Bond (as defined in note 37 to the consolidated financial statements) filed a petition with the Court requesting Shunfeng Photovoltaic Investment to settle the principal amount of RMB142,000,000 of the 2016 Corporate Bond and interests of the 2016 Corporate Bond to the Creditors. Certain interests of subsidiaries of the Group have been put under the Second Freezing Order. As at 31 December 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (2023: RMB255,463,000) and accrued bond interests of RMB120,978,000 (2023: RMB101,253,000) were recognised in bond payables and other payables, respectively. In April 2023, the Court issued a judgment requiring Shunfeng Photovoltaic Investment to settle the principal of the 2016 Corporate Bond of RMB142,000,000 and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

Lastly, a winding-up petition against the Company (the "Petition") dated 13 February 2025 was filed by the creditor of the other borrowings at the High Court of the Hong Kong Special Administrative Region in connection with the financial obligation of the Company of the outstanding overdue principal amount and accrued interest of HK\$289.1 million in aggregate. As at 31 December 2024, the total principal amount of RMB159,621,000 (2023: RMB156,393,000) and accrued interests of RMB116,657,000 (2023: RMB99,208,000) was recognised in bank and other borrowings and other payables respectively.

However, the Group maintained cash and cash equivalents of approximately RMB13,077,000 as at 31 December 2024 only.

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

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") 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.



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

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

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

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

#### **Li Shun Fai**

*Audit Engagement Director*

Practising Certificate Number P05498

Hong Kong, 28 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024 RMB'000	2023 RMB'000
Revenue	8	159,793	238,481
Cost of sales		(118,712)	(120,296)
Gross profit		41,081	118,185
Other income	10	4,653	8,808
Other gains and losses, net (Impairment losses)/reversal of impairment loss under expected credit loss model, net of reversal	11 12	(76,188) (32,196)	(165,803) 47,315
Administrative expenses		(60,215)	(78,558)
Share of profits of associates		1,647	1,802
Finance costs	13	(318,037)	(398,163)
Loss before tax		(439,255)	(466,414)
Income tax expense	16	(1,014)	(4,626)
Loss for the year	14	(440,269)	(471,040)
Other comprehensive (loss)/income: <i>Items that may be subsequently reclassified to profit or loss:</i> Fair value (loss)/gain on receivables at fair value through other comprehensive income ("FVTOCI")		(6)	11
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(6)</b>	<b>11</b>
<b>Total comprehensive loss for the year</b>		<b>(440,275)</b>	<b>(471,029)</b>
Loss for the year attributable to:			
Owners of the Company		(435,480)	(449,458)
Non-controlling interests		(4,789)	(21,582)
		(440,269)	(471,040)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(435,486)	(449,447)
Non-controlling interests		(4,789)	(21,582)
		(440,275)	(471,029)
Loss per share			
- Basic (RMB cents)	17	(8.57)	(8.84)
- Diluted (RMB cents)	17	(8.57)	(8.84)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	19	25,981	26,172
Right-of-use assets	20	38,675	44,074
Solar power plants	21	974,869	1,058,015
Intangible assets	22	18,381	35,854
Interests in associates	23	39,098	37,451
Financial assets at fair value through profit or loss ("FVTPL")	25	1,000	1,000
Other non-current assets	26	17,779	12,921
Value-added tax recoverable		18,551	17,483
		<b>1,134,334</b>	1,232,970
<b>Current assets</b>			
Trade and other receivables	27	987,672	982,042
Receivables at FVTOCI	28	2,448	1,070
Value-added tax recoverable		6,242	7,569
Prepayments to suppliers		3,335	6,457
Amounts due from related parties	30	900,171	915,668
Tax recoverables		376	-
Restricted bank deposits	31	5,749	6,417
Bank balances and cash	31	13,077	97,446
		<b>1,919,070</b>	2,016,669
<b>Current liabilities</b>			
Trade and other payables	32	1,080,540	924,637
Amounts due to the related parties	33	1,530,418	883,825
Lease liabilities	34	13,240	12,871
Tax liabilities		-	1,835
Bank and other borrowings	35	1,272,228	1,203,642
Convertible bonds	36	25,079	175,069
Bond payables	37	585,372	585,372
		<b>4,506,877</b>	3,787,251

## Consolidated Statement of Financial Position (Continued)

	Notes	2024 RMB'000	2023 RMB'000
<b>Net current liabilities</b>		<b>(2,587,807)</b>	(1,770,582)
<b>Total assets less current liabilities</b>		<b>(1,453,473)</b>	(537,612)
<b>Non-current liabilities</b>			
Bank and other borrowings	35	<b>355,268</b>	404,962
Amounts due to the related parties	33	-	419,815
Lease liabilities	34	<b>10,947</b>	14,844
Convertible bonds	36	<b>88,889</b>	88,889
		<b>455,104</b>	928,510
<b>NET LIABILITIES</b>		<b>(1,908,577)</b>	(1,466,122)
<b>EQUITY</b>			
Share capital	38	<b>41,641</b>	41,641
Reserves		<b>(2,013,717)</b>	(1,578,231)
Total equity attributable to owners of the Company		<b>(1,972,076)</b>	(1,536,590)
Non-controlling interests		<b>63,499</b>	70,468
<b>TOTAL EQUITY</b>		<b>(1,908,577)</b>	(1,466,122)

The consolidated financial statements on pages 48 to 124 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

**Wang Yu**  
Director

**Qiu Bo**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



## Attributable to owners of the Company

Notes	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note a)	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Convertible	Other reserve RMB'000	Accumulated deficits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
						bonds equity reserve RMB'000 (Note b)					
At 1 January 2023	41,641	6,078,548	(1,074,110)	(196)	151	879,850	-	(7,016,628)	(1,090,744)	92,050	(998,694)
Loss for the year	-	-	-	-	-	-	-	(449,458)	(449,458)	(21,582)	(471,040)
Other comprehensive income for the year	-	-	-	11	-	-	-	-	11	-	11
Total comprehensive loss for the year	-	-	-	11	-	-	-	(449,458)	(449,447)	(21,582)	(471,029)
Deemed contribution from shareholder in relation to issuance of bond	-	-	-	-	-	-	3,601	-	3,601	-	3,601
Transfer upon maturity of convertible bonds	-	-	-	-	-	(118,469)	-	118,469	-	-	-
At 31 December 2023 and 1 January 2024	41,641	6,078,548	(1,074,110)	(185)	151	761,381	3,601	(7,347,617)	(1,536,590)	70,468	(1,466,122)
Loss for the year	-	-	-	-	-	-	-	(435,480)	(435,480)	(4,789)	(440,269)
Other comprehensive loss for the year	-	-	-	(6)	-	-	-	-	(6)	-	(6)
Total comprehensive loss for the year	-	-	-	(6)	-	-	-	(435,480)	(435,486)	(4,789)	(440,275)
Deregistration of a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	-	(2,180)	(2,180)
Transfer upon maturity of convertible bonds	36	-	-	-	-	(84,254)	-	84,254	-	-	-
At 31 December 2024	41,641	6,078,548	(1,074,110)	(191)	151	677,127	3,601	(7,698,843)	(1,972,076)	63,499	(1,908,577)

### 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 Renminbi ("RMB") 233,968,000 to the Company for the purpose to acquire the entire equity interests of Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. ("Jiangsu Shunfeng"). The difference between the acquisition consideration paid and the paid-in capital and capital reserve of Jiangsu Shunfeng acquired of approximately RMB30,004,000 was regarded as special reserve arising on Group Reorganisation.



## Consolidated Statement of Changes in Equity (Continued)

Notes: (Continued)

a. (Continued)

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

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

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

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

- iv. During the year ended 31 December 2019, Peace Link Services Limited ("Peace Link"), one of the convertible bondholders and a company beneficially owned by Mr. Cheng, entered into a legally binding deed of waiver and undertaking in favour of the Company, pursuant to which Peace Link, conditional upon completion of the disposal of the 2019 Disposal Group, agreed to waive the repayment and redemption obligations of the Company in respect of principal amount of Hong Kong Dollars ("HKD") 1,948,000,000 (equivalent to RMB1,546,032,000) of the Third CB (as defined in Note 36(c)) held by Peace Link for no consideration. The Third CB originally would be matured on 15 April 2024. The waiver of the Third CB had become effective since 14 October 2019.

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

- b. Convertible bonds equity reserve represents the value of the equity conversion component of the convertible bonds as set out in Note 36.

# CONSOLIDATED STATEMENT OF CASH FLOWS

	2024 RMB'000	2023 RMB'000
<b>Operating activities</b>		
Loss before tax	<b>(439,255)</b>	(466,414)
Adjustments for:		
Amortisation of intangible assets	<b>7,316</b>	15,234
Depreciation of property, plant and equipment	<b>1,332</b>	1,397
Depreciation of right-of-use assets	<b>5,912</b>	6,538
Depreciation of solar power plants	<b>85,996</b>	88,986
Finance costs	<b>318,037</b>	398,163
Gain on disposal of property, plant and equipment	<b>(47)</b>	-
Impairment loss on intangible assets	<b>10,157</b>	60,227
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables	<b>(4,189)</b>	(4,645)
Interest income	<b>(440)</b>	(4,112)
Loss allowance recognised on other non-current assets	<b>112</b>	25
Loss allowance recognised/(reversed) on trade and other receivables	<b>48,364</b>	(17,278)
Loss allowance reversed on amounts due from the related parties	<b>(16,280)</b>	(30,062)
(Gain)/loss on deregistration of subsidiaries	<b>(1,191)</b>	30
Loss on disposal of subsidiaries	<b>-</b>	28,643
Loss on disposal of solar power plants	<b>152</b>	-
Net foreign exchange loss	<b>79,166</b>	98,103
Reversal of provision on legal claims	<b>-</b>	(1,382)
Share of profits of associates	<b>(1,647)</b>	(1,802)
Written off trade and other payables	<b>(8,550)</b>	(6,252)
Written off of property, plant and equipment	<b>3</b>	-
Written off of solar power plant	<b>3,682</b>	2,501
Operating profit before working capital changes	<b>88,630</b>	167,900
Change in trade and other receivables	<b>(93,033)</b>	(93,564)
Change in amounts due from the related parties	<b>(1,332)</b>	(1,875)
Change in trade and other payables	<b>2,472</b>	(29,247)
Change in prepayments to suppliers	<b>3,122</b>	751
Change in provision	<b>-</b>	(1,250)
Change in value-added tax recoverable	<b>259</b>	262
Change in receivables at FVTOCI	<b>(1,384)</b>	4,566
Cash (used in)/generated from operations	<b>(1,266)</b>	47,543
Income taxes paid	<b>(3,225)</b>	(3,711)
Net cash (used in)/generated from operating activities	<b>(4,491)</b>	43,832

## Consolidated Statement of Cash Flows (Continued)

	2024 RMB'000	2023 RMB'000
<b>Investing activities</b>		
Receipt of consideration receivables in respect of subsidiaries disposed of in previous years	30,338	173,367
Withdrawal of restricted bank deposits	2,950	16,833
Bank interest income received	440	4,112
Proceeds from disposals of property, plant and equipment	108	-
Proceeds on disposal of solar power plant	11	-
Payments for construction cost in respect of solar power plants	(8,583)	(27,341)
Placement of restricted bank deposits	(2,282)	(3,760)
Payments of property, plant and equipment	(1,205)	(2,091)
Repayment form related parties and non-controlling shareholders	-	8,121
<b>Net cash generated from investing activities</b>	<b>21,777</b>	169,241
<b>Financing activities</b>		
Interest paid for bank and other borrowings	(42,546)	(39,437)
Interest paid for related parties	(38,828)	(28,284)
Repayment of bank and other borrowings	(17,961)	(125,989)
(Repayment to)/advance from independent third parties	(8,301)	8,670
Payment of lease liabilities	(5,339)	(6,657)
Payment to non-controlling interests upon deregistration of a non-wholly owned subsidiary	(2,180)	-
New other borrowings raised	13,500	20,000
Advance from the related parties	-	236,018
Repayment to the related parties	-	(710,876)
Repayment of the convertible bond	-	(1,709)
<b>Net cash used in financing activities</b>	<b>(101,655)</b>	(648,264)
<b>Net decrease in cash and cash equivalents</b>	<b>(84,369)</b>	(435,191)
Cash and cash equivalents at beginning of year	97,446	532,637
<b>Cash and cash equivalents at end of year</b>	<b>13,077</b>	97,446
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	13,077	97,446

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## 1. GENERAL INFORMATION

Shunfeng International Clean Energy Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Rooms 3803-05, 38/F, China Resources Building, No. 26 Harbour Road, Wan Chai, Hong Kong, respectively. The Company and its subsidiaries (together with the Company, 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 RMB, which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

### 2.1 Going Concern Basis

The Group incurred loss of RMB440,269,000 and RMB471,040,000 respectively for the two consecutive years ended 31 December 2024 and 2023, and the Group had net current liabilities of RMB2,587,807,000 and net liabilities of RMB1,908,577,000 as at 31 December 2024. As at 31 December 2024, the Group had bank and other borrowings, convertible bonds and bond payables totaling RMB1,882,679,000 repayable within one year or on demand. Out of which, as at 31 December 2024, the Group had overdue bank and other borrowings and bonds payable of approximately RMB908,316,000 and RMB585,372,000 respectively.

During the year, there were two freezing orders had been issued in relation to the bond payables:

#### - 2015 Corporate Bond (defined in note 37)

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 interests in arrears. A First Freezing Order was issued by Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders and accordingly, the equity interests of certain subsidiaries including, 95% equity interest of Xinjiang Tianli Enze Solar Technology Co., Ltd. (新疆天利恩澤太陽能科技有限公司) ("Xinjiang Tianli"), 100% equity interest of Jiangsu Shunyang New Energy Industrial Park Development Co., Ltd. (江蘇順陽新能源產業園發展有限公司) ("Jiangsu Shunyang"), 100% equity interest of Jiangxi Shunfeng Photovoltaic Investment Co., Ltd. (江西順風光電投資有限公司) ("Jiangxi Shunfeng") and 100% equity interest of Turpan Shunfeng Clean Energy Investments Limited (吐魯番順風清潔能源投資有限公司) ("Turpan Shunfeng"), have been put under the First Freezing Order. As at 31 December 2024, the total principal amount of RMB329,909,000 (2023: RMB329,909,000) and accrued bond interests of RMB145,817,000 (2023: RMB120,014,000) were recognised in bond payables and other payables, respectively. In May 2024, the Shanghai Arbitration Commission issued Judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2015 Corporate Bond of approximately RMB329,909,000 and the corresponding interest to the two bondholders. Due to the failure to fulfill the relevant repayment obligations as per Judgment, the two bondholders of the 2015 Corporate Bond applied for the enforcement regarding to the outstanding liabilities to the Court and the Court issued an enforcement notice in September 2024.

## 2. BASIS OF PREPARATION (Continued)

### 2.1 Going Concern Basis (Continued)

- **2016 Corporate Bond (defined in note 37)**

On 10 June 2022, the Creditor of a bondholder of the 2016 Corporate Bond filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to settle the principal amount of RMB142,000,000 of the 2016 Corporate Bond and interests of the 2016 Corporate Bond to the Creditor.

Further, a Second Freezing Order was issued by Changzhou Intermediate People's Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Hainan Xinsheng New Energy Technology Co. Ltd. (海南州鑫昇新能源科技有限公司) ("Hainan Xinsheng"), Yingjisha County Rongxin Tianhe New Energy Co., Ltd (英吉沙縣融信天和新能源有限責任公司) ("Yingjisha"), Kezhou Baishide New Energy Development Co., Ltd (克州百事德新能源開發有限公司) ("Kezhou Baishide"), and Tongwei Solar Power Qiemu Co., Ltd (通威太陽能且末有限公司) ("Tongwei") have been put under the Second Freezing Order. As at 31 December 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (2023: RMB255,463,000) and accrued bond interests of RMB120,978,000 (2023: RMB101,253,000) were recognised in bond payables and other payables respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142,000,000 and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

Also, subsequent to 31 December 2024, a winding-up petition against the Company (the "Petition") dated 13 February 2025 was filed by the creditor of the other borrowings at the High Court of the Hong Kong Special Administrative Region in connection with the financial obligation of the Company of the outstanding overdue principal amount and accrued interest of HK\$289.1 million in aggregate. As at 31 December 2024, the total principal amount of RMB159,621,000 (2023: RMB156,393,000) and accrued interests of RMB116,657,000 (2023: RMB99,208,000) was recognised in bank and other borrowings and other payables respectively.

However, the Group maintained cash and cash equivalents of approximately RMB13,077,000 as at 31 December 2024 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. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

- (i) completing the possible disposals of the subsidiaries as planned as well as collecting the sale proceeds in accordance with the amount and timing expected by the Company;



## 2. BASIS OF PREPARATION (Continued)

### 2.1 Going Concern Basis (Continued)

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

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

## 3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards; International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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

## 4. MATERIAL ACCOUNTING POLICIES

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

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

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

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

##### Consolidation

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

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

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

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

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

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

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

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Associates

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

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

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

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

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Joint arrangements

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

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

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

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

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

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

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Foreign currency translation

#### (a) Functional and presentation currency

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

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

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

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

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

#### (c) Translation on consolidation

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

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

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

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Property, plant and equipment

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

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

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

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

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

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

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

##### Leases

###### The Group as lessee

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

Leasehold land	Over the lease term
Properties	Over the lease term

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

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Construction contracts in progress

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

### Solar power plants

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

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

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

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

### Patents

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Recognition and derecognition of financial instruments

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

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

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

##### Financial assets

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

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

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

##### (i) Financial assets at amortised cost

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

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

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Financial assets (Continued)

#### (ii) Financial assets at fair value through profit or loss

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

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

#### (iii) Financial assets at fair value through other comprehensive income

Investments are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling assets; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at fair value. Interest income calculated using the effective interest method is recognised in profit or loss.

The assets are treated as monetary items. A foreign currency asset is treated as an asset measured at amortised cost in the foreign currency. Exchange differences on the amortised cost are recognised in profit or loss.

Other gains or losses are recognised in other comprehensive income and accumulated in the debt investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the debt investment revaluation reserve are reclassified to profit or loss.

The loss allowance for expected credit losses is recognised in other comprehensive income and does not reduce the carrying amount of the assets.

#### **4. MATERIAL ACCOUNTING POLICIES (Continued)**

##### **Loss allowances for expected credit losses**

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

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

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

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

##### **Cash and cash equivalents**

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

##### **Financial liabilities and equity instruments**

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Convertible loans

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

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

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

### Borrowings

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

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

### Financial guarantee contract liabilities

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

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

### Trade and other payables

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Equity instruments

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

##### Revenue from contracts with customers

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

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

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

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

##### Other income

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Employee benefits

#### (a) Employee leave entitlements

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

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

#### (b) Pension obligations

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

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

#### (c) Termination benefits

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

### Borrowing costs

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

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

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Government grants

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

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

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

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

##### Taxation

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

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

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

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

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

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Taxation (Continued)

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

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

### Related parties

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

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

#### 4. MATERIAL ACCOUNTING POLICIES (Continued)

##### Segment reporting

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

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

##### Impairment of assets

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

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

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

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



## 4. MATERIAL ACCOUNTING POLICIES (Continued)

### Provisions and contingent liabilities

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

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

### Events after the reporting period

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

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

### Critical judgements in applying accounting policies

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

#### (a) Going concern basis

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

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

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

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

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

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

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

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

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

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

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

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

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

#### (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.



## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

### Key sources of estimation uncertainty

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

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

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

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

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

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

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

## 5. CRITICAL JUDGEMENTS AND KEY ESTIMATION (Continued)

### Key sources of estimation uncertainty (Continued)

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

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

**(e) Income taxes**

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

**(f) Fair value measurements and valuation processes**

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

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

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



## 6. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

### (a) Foreign currency risk

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

#### Sensitivity analysis

This sensitivity analysis details the sensitivity to a 5% (2023: 5%) appreciation and depreciation in each relevant foreign currency against functional currency. 5% (2023: 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% (2023: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year and a positive number below indicates a decrease in post-tax loss for the year where the relevant foreign currencies change 5% (2023: 5%) against RMB.

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
USD impact		
- if USD strengthens against RMB	<b>6</b>	6
- if USD weakens against RMB	<b>(6)</b>	(6)
HKD impact		
- if HKD strengthens against RMB	<b>(51,050)</b>	(116,243)
- if HKD weakens against RMB	<b>51,050</b>	116,243

## 6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (b) Interest rate risk

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

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

#### Sensitivity analysis

At 31 December 2024, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated loss after tax for the year would have been RMB881,604 (2023: RMB974,000) lower, arising mainly as a result of lower interest expense on bank and other borrowings. If interest rates had been 10 basis points higher, with all other variables held constant, consolidated loss after tax for the year would have been RMB881,604 (2023: RMB974,000) higher, arising mainly as a result of higher interest expense on bank and other borrowings.

### (c) Price risk

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

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

### (d) Credit risk

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



## 6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (d) Credit risk (Continued)

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

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

Note:

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

#### Bank balances, restricted bank deposits and receivables at FVTOCI

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

## 6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (d) Credit risk (Continued)

#### **Trade receivables, contract assets and amount due from related parties**

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

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

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

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



## 6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (d) Credit risk (Continued)

#### Concentration risk

At 31 December 2024, the Group has concentration of credit risk in respect of its trade receivables and accrued revenue on tariff subsidies, other receivables, amounts due from independent third parties, amounts due from related parties and restricted bank deposits and bank balances and cash. The number of counterparties and percentage of total balances are as follows:

	2024		2023	
	Number of counterparties	Percentage of total balances	Number of counterparties	Percentage of total balances
Trade receivables and accrued revenue on tariff subsidies	5	86%	5	86%
Other receivables	2	82%	3	74%
Amounts due from related parties	1	94%	1	91%
Restricted bank deposits and bank balances and cash	3	85%	2	77%

### (e) Liquidity risk

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

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

	On demand or less than				Total undiscounted cash flows RMB'000
	1 year RMB'000	1 - 2 years RMB'000	2 - 5 years RMB'000	Over 5 years RMB'000	
<b>At 31 December 2024</b>					
Trade and other payables	1,074,953	-	-	-	1,074,953
Amounts due to the related parties	1,530,418	-	-	-	1,530,418
Lease liabilities	14,109	1,673	4,885	8,798	29,465
Bank and other borrowings	1,509,746	207,436	222,482	-	1,939,664
Convertible bonds	25,079	88,889	-	-	113,968
Bond payables	585,372	-	-	-	585,372
	<b>4,739,677</b>	<b>297,998</b>	<b>227,367</b>	<b>8,798</b>	<b>5,273,840</b>

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

	On demand or less than 1 year RMB'000	1 – 2 years RMB'000	2 – 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000
<b>At 31 December 2023</b>					
Trade and other payables	910,767	-	-	-	910,767
Amounts due to the related parties	933,228	540,961	-	-	1,474,189
Lease liabilities	14,114	5,069	4,623	10,339	34,145
Bank and other borrowings	1,300,071	347,682	247,048	3,730	1,898,531
Convertible bonds	183,810	88,889	-	-	272,699
Bond payables	585,372	-	-	-	585,372
	3,927,362	982,601	251,671	14,069	5,175,703

**(f) Categories of financial instruments at 31 December**

	2024 RMB'000	2023 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
Trade and other receivables	987,455	981,809
Receivables included in other non-current assets	17,779	12,921
Amounts due from the related parties	900,171	915,668
Restricted bank deposits	5,749	6,417
Bank balances and cash	13,077	97,446
Total financial assets at amortised cost	1,924,231	2,014,261
Receivables at FVTOCI	2,448	1,070
Financial assets at FVTPL	1,000	1,000
<b>Financial liabilities</b>		
Liabilities measured at amortised costs:		
Trade and other payables	1,074,953	910,767
Amounts due to the related parties	1,530,418	1,303,640
Bank and other borrowings	1,627,496	1,608,604
Liability components of convertible bonds	113,968	263,958
Bond payables	585,372	585,372
Total financial liabilities at amortised cost	4,932,207	4,672,341



## 6. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

### (g) Fair values

Except as disclosed in note 36 to the consolidated financial statements, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

### (h) Capital risk management

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

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

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

## 7. FAIR VALUE MEASUREMENTS

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

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

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

## 7. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosure of level in fair value hierarchy:

Description	<b>2024</b>	2023
Recurring fair value measurements:	<b>Level 2</b>	Level 2
	<b>RMB'000</b>	RMB'000
<i>Financial assets:</i>		
FVTOCI	<b>2,448</b>	1,070

Description	<b>2024</b>	2023
Recurring fair value measurements:	<b>Level 3</b>	Level 3
	<b>RMB'000</b>	RMB'000
<i>Financial assets:</i>		
FVTPL	<b>1,000</b>	1,000

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

*Financial assets:*

	<b>FVTPL</b>
	RMB'000
<b>At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024</b>	<b>1,000</b>



## 7. FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

### Level 3 fair value measurements

At 31 December 2024

Description	Valuation technique	Unobservable inputs	Net assets RMB'000	Effect on fair value for increase of key input	Fair value 2024 RMB'000
FVTPL	Asset-based approach	Net assets	21,899	Increase	1,000

At 31 December 2023

Description	Valuation technique	Unobservable inputs	Net assets RMB'000	Effect on fair value for increase of key input	Fair value 2023 RMB'000
FVTPL	Asset-based approach	Net assets	21,677	Increase	1,000

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

### Level 2 fair value measurements

As at 31 December 2024

Description	Valuation technique	Unobservable inputs	Fair value 2024 RMB'000
FVTOCI	Discounted cash flow	Discount rate	2,448

As at 31 December 2023

Description	Valuation technique	Unobservable inputs	Fair value 2023 RMB'000
FVTOCI	Discounted cash flow	Discount rate	1,070

## 8. REVENUE

### A. Disaggregation of revenue from contracts with customers

	2024 RMB'000	2023 RMB'000
Revenue from sales of electricity		
Sales of electricity	39,826	67,047
Tariff subsidies	119,967	171,434
	<b>159,793</b>	238,481
Geographical market		
The PRC	159,793	238,481
Timing of revenue recognition		
At a point in time	159,793	238,481

### B. Performance obligations for contracts with customers

#### Sales of electricity

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

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

#### Tariff subsidies

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

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



## 9. SEGMENT INFORMATION

Information has been reported to the executive directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. The Group's reportable and operating segments 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:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Segment revenue		
Sales of electricity	<b>39,826</b>	67,047
Tariff subsidies (Note)	<b>119,967</b>	171,434
	<b>159,793</b>	238,481
<b>Segment (loss)/profit</b>	<b>(20,011)</b>	72,412
Unallocated income		
– Bank interest income	<b>440</b>	4,112
Unallocated expenses		
– Central administration costs	<b>(30,429)</b>	(19,779)
– Net foreign exchange loss	<b>(79,166)</b>	(98,103)
– Finance costs	<b>(318,037)</b>	(398,163)
Impairment loss on intangible assets	<b>(10,157)</b>	(60,227)
Reversal of provision on legal claims	–	1,382
Loss allowance reversed on amounts due from the related parties	<b>16,280</b>	30,062
Loss allowance reversed on certain other receivables	<b>178</b>	88
Share of profits of associates	<b>1,647</b>	1,802
Loss before tax	<b>(439,255)</b>	(466,414)

Note:

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

## 9. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

Amounts included in the measure of segment profit:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Loss on disposal of a subsidiary	-	(28,643)
Loss allowance (recognised)/reversed on certain trade and other receivables, contract assets and other non-current assets, net	<b>(48,654)</b>	17,165

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

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment results do not include certain bank interest income, central administration cost, finance costs, gain on settlement of a financial guarantee, loss on disposal of subsidiaries, reversal of provision on legal claims, loss allowance reversed on amounts due from the related parties and certain other receivables and share of profits of associates.

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

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Segment assets	<b>2,068,519</b>	2,145,411
Other unallocated assets	<b>984,885</b>	1,104,228
Consolidated assets	<b>3,053,404</b>	3,249,639
Segment liabilities	<b>1,363,317</b>	1,302,364
Other unallocated liabilities	<b>3,598,664</b>	3,413,397
Consolidated liabilities	<b>4,961,981</b>	4,715,761

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, amounts due to the related parties, certain bank and other borrowings and bonds payable liable for centralised financing of the Group.



## 9. SEGMENT INFORMATION (Continued)

### Geographical information

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

	Revenue from external customers		Non-current assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
The PRC	<b>159,793</b>	238,481	<b>1,057,906</b>	1,164,115

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

### Information about major customers

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

	Notes	2024 RMB'000	2023 RMB'000
Company A	(a)	<b>22,396</b>	35,457
Company B	(a)	<b>19,154</b>	34,332
Company C	(a) (b)	<b>16,657</b>	N/A
Company D	(a) (b)	<b>18,156</b>	N/A
Company E	(a) (b)	<b>16,993</b>	N/A

Notes:

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

## 10. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Bank interest income	440	4,112
Imputed interest income of accrued revenue on tariff subsidies classified as trade receivables and contract assets (Note)	4,189	4,645
Others	24	51
	<b>4,653</b>	8,808

Note:

The imputed interest income is recorded 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.

## 11. OTHER GAINS AND LOSSES, NET

	Note	2024 RMB'000	2023 RMB'000
Impairment loss on intangible assets		(10,157)	(60,227)
Written off of solar power plants (Note 21)		(3,682)	(2,501)
Loss on disposal of subsidiaries		-	(28,643)
Penalty	(a)	(442)	(811)
Gain/(loss) on deregistration of subsidiaries		1,191	(30)
Written off trade and other payables		8,550	6,252
Net foreign exchange loss		(79,166)	(98,103)
Gain on disposal of property, plant and equipment		47	-
Reversal of provision on legal claims		-	1,382
Written off of property, plant and equipment		(3)	-
Loss on disposal of solar power plant		(152)	-
Others		7,626	16,878
		<b>(76,188)</b>	(165,803)

Note:

(a) During the year ended 31 December 2024, it represented the penalty in relation to the late settlement of the land use tax in the PRC.



## 12. (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 RMB'000	2023 RMB'000
Loss allowances recognised/(reversed) on:		
Trade receivables – goods and services	5,311	811
Other receivables	43,053	(18,089)
Amounts due from the related parties and a non-controlling shareholder	(16,280)	(30,062)
Other non-current assets	112	25
	<b>32,196</b>	<b>(47,315)</b>

## 13. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings	175,086	236,665
Interest on loan from a related company	50,988	49,967
Interest on lease liabilities	1,284	1,450
Effective interest on convertible bonds	8,741	51,257
Effective interest on bond payables	45,528	45,404
Effective interest on bond payables to a related company	36,410	13,420
	<b>318,037</b>	<b>398,163</b>

**14. LOSS FOR THE YEAR**

This is stated at after charging the following:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Directors' emoluments	<b>7,622</b>	7,539
Staff costs	<b>16,663</b>	15,029
Contributions to defined contribution retirement plans	<b>3,425</b>	3,472
<b>Total staff costs</b>	<b>27,710</b>	26,040
Impairment loss on intangible assets	<b>10,157</b>	60,227
Auditor's remuneration	<b>2,100</b>	2,100
Depreciation of property, plant and equipment	<b>1,332</b>	1,397
Depreciation of completed solar power plants	<b>85,996</b>	88,986
Depreciation of right-of-use assets	<b>5,912</b>	6,538
Amortisation of intangible assets	<b>7,316</b>	15,234
Written off of solar power plant	<b>3,682</b>	2,501



## 15. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS

The emoluments of each director were as follows:

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

		2024				Total
Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement plans RMB'000	RMB'000	
<b>Executive directors</b>						
Mr. Zhang Fubo	(i)	-	1,827	-	16	1,843
Mr. Wang Yu		-	1,827	-	16	1,843
Mr. Lu Bin	(i)	-	1,827	-	16	1,843
Mr. Chen Shi	(i)	-	1,371	-	16	1,387
Mr. Qiu Bo	(iv)	-	-	-	-	-
<b>Independent non-executive directors</b>						
Mr. Tao Wenquan	(ii)	83	-	-	-	83
Mr. Zhao Yuwen		182	-	-	-	182
Mr. Kwong Wai Sun Wilson		366	-	-	-	366
Ms. Tse Wan Joyce	(iii)	75	-	-	-	75
<b>Total</b>		<b>706</b>	<b>6,852</b>	<b>-</b>	<b>64</b>	<b>7,622</b>
		2023				Total
		Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to defined contribution retirement plans RMB'000	RMB'000
<b>Executive directors</b>						
Mr. Zhang Fubo		-	1,801	-	16	1,817
Mr. Wang Yu		-	1,801	-	16	1,817
Mr. Lu Bin		-	1,801	-	16	1,817
Mr. Chen Shi		-	1,348	-	16	1,364
<b>Independent non-executive directors</b>						
Mr. Tao Wenquan		181	-	-	-	181
Mr. Zhao Yuwen		181	-	-	-	181
Mr. Kwong Wai Sun Wilson		362	-	-	-	362
<b>Total</b>		<b>724</b>	<b>6,751</b>	<b>-</b>	<b>64</b>	<b>7,539</b>

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

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

- (i) Resigned as executive director on 31 December 2024.
- (ii) Resigned as independent non-executive director on 14 June 2024.
- (iii) Appointed as independent non-executive director on 14 June 2024.
- (iv) Appointed as executive director on 31 December 2024.

During the year ended 31 December 2024, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2024 (2023: nil). There are no payments made or benefit provided in respect of the termination of the service of directors, whether in the capacity of directors or in any other capacity while directors.

### (b) Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2023: three) directors whose emoluments are set out in note (a) above. The emoluments of the remaining two (2023: two) individuals are set out below:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	2,414	2,612
Retirement benefit scheme contributions	202	191
	<b>2,616</b>	2,803

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

	2024	2023
HKD1,000,001 to HKD1,500,000	2	-
HKD1,500,001 to HKD2,000,000	-	2

During the year ended 31 December 2024, 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 (2023: nil).

## 16. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax – PRC Enterprise Income Tax		
Charge for the year	881	4,602
Under provision in prior years	133	24
	<b>1,014</b>	4,626



## 16. INCOME TAX EXPENSE (Continued)

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

	2024 RMB'000	2023 RMB'000
Loss before tax	<b>(439,255)</b>	(466,414)
Tax credit at the PRC tax rate of 25% (2023: 25%)	<b>(109,814)</b>	(116,604)
Tax effect of share of profits of associates	<b>(412)</b>	(451)
Tax effect of expenses not deductible for tax purpose	<b>53,301</b>	95,168
Tax effect of income not taxable for tax purpose	<b>(3,712)</b>	(7,534)
Tax effect of deductible temporary differences not recognised	<b>2,922</b>	7,186
Under provision in prior years	<b>133</b>	24
Effect of tax losses not recognised	<b>36,693</b>	22,867
Utilisation of temporary differences or tax losses previously not recognised	<b>(1,061)</b>	(1,216)
Tax effect of concessions granted to PRC subsidiaries	<b>(250)</b>	(718)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>23,214</b>	5,904
Income tax expense	<b>1,014</b>	4,626

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

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the year ended 31 December 2024 (2023: nil).

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

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

At the end of the reporting period the Group has unused tax losses of RMB1,356,521,000 (2023: RMB1,832,968,000) available for offset against future profits which will expire in 2025 to 2029 (2023: 2024 to 2028). No deferred tax asset has been recognised due to the unpredictability of future profit streams.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is RMB18,271,000 (2023: 24,485,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 17. LOSS PER SHARE

### Basic loss per share

The calculation of the basic loss per share is based on the following:

	2024	2023
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>5,082,375,490</b>	5,082,375,490
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Loss for the year attributable to equity shareholders of the Company	<b>(435,480)</b>	(449,458)

### Diluted loss per share

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

## 18. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2024 and 2023.



## 19. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost</b>					
1 January 2023	9,424	6,506	10,107	42,945	68,982
Additions	1,238	-	762	-	2,000
Disposal of subsidiaries	(96)	(66)	(5)	-	(167)
At 31 December 2023 and 1 January 2024	10,566	6,440	10,864	42,945	70,815
Additions	803	16	386	-	1,205
Disposal/written off	-	(602)	(8)	-	(610)
At 31 December 2024	11,369	5,854	11,242	42,945	71,410
<b>Accumulated depreciation and impairment</b>					
1 January 2023	1,825	6,214	8,201	27,075	43,315
Charge for the year	542	8	847	-	1,397
Disposal of subsidiaries	(1)	(63)	(5)	-	(69)
At 31 December 2023 and 1 January 2024	2,366	6,159	9,043	27,075	44,643
Charge for the year	638	1	693	-	1,332
Disposal/written off	-	(542)	(4)	-	(546)
At 31 December 2024	3,004	5,618	9,732	27,075	45,429
<b>Carrying amount</b>					
At 31 December 2024	8,365	236	1,510	15,870	25,981
At 31 December 2023	8,200	281	1,821	15,870	26,172

The Group carried out reviews of the recoverable amount of its building under construction as a result of adverse changes in the market. These assets are used in the Group's solar power generation segment. No impairment loss had been recognised in result of the reviews for the year ended 31 December 2024 (2023: nil). As at 31 December 2024, the recoverable amount of the relevant assets of RMB15,385,000 (2023: RMB16,038,000) had been determined on the basis of fair value less costs of disposal method (level 3 fair value measurements).

**20. LEASES AND RIGHT-OF-USE ASSETS**

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>At 31 December:</b>		
Right-of-use assets		
– Leasehold land	<b>35,814</b>	37,896
– Properties	<b>2,861</b>	6,178
	<b>38,675</b>	44,074

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

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
– Less than 1 year	<b>14,109</b>	14,114
– Between 1 and 2 years	<b>1,673</b>	5,069
– Between 2 and 5 years	<b>4,885</b>	4,623
– Over 5 years	<b>8,798</b>	10,339
	<b>29,465</b>	34,145
Depreciation charge of right-of-use assets		
– Leasehold land	<b>2,595</b>	2,366
– Properties	<b>3,317</b>	4,172
	<b>5,912</b>	6,538
Lease interests	<b>1,284</b>	1,450
Total cash outflow for leases	<b>5,339</b>	6,657
Additions to right-of-use assets	<b>513</b>	–

The Group leases various leasehold land and various offices. Lease agreements are typically made for fixed periods of 1 year to 50 years (2023: 1 year to 50 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

Certain leasehold land of the Group had been pledged as securing loans and general credit facilities granted to the Group as at 31 December 2024 and 2023 as detailed in Note 42.



## 21. SOLAR POWER PLANTS

	Solar power plants under construction RMB'000	Completed solar power plants RMB'000	Total RMB'000
<b>Cost</b>			
1 January 2023	16,566	2,104,675	2,121,241
Additions	82	4,551	4,633
Written-off	(850)	(3,426)	(4,276)
Disposal of a subsidiary	-	(396,926)	(396,926)
At 31 December 2023 and 1 January 2024	15,798	1,708,874	1,724,672
Additions	843	5,852	6,695
Written-off	(2,042)	(5,218)	(7,260)
Disposal	-	(339)	(339)
At 31 December 2024	14,599	1,709,169	1,723,768
<b>Accumulated depreciation and impairment</b>			
1 January 2023	16,006	701,643	717,649
Charge for the year	-	88,986	88,986
Written-off	(635)	(1,140)	(1,775)
Disposal of a subsidiary	-	(138,203)	(138,203)
At 31 December 2023 and 1 January 2024	15,371	651,286	666,657
Charge for the year	-	85,996	85,996
Written-off	(1,814)	(1,764)	(3,578)
Disposal	-	(176)	(176)
At 31 December 2024	13,557	735,342	748,899
<b>Carrying amount</b>			
At 31 December 2024	1,042	973,827	974,869
At 31 December 2023	427	1,057,588	1,058,015

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

## 21. SOLAR POWER PLANTS (Continued)

The Group carried out reviews of the recoverable amount of its solar power plants as a result of adverse changes in the market and certain price competition requirements introduced by the relevant government authority in the market. These solar power plants are used in the Group's solar power generation segment. No impairment loss has been recognised in result of the reviews for the year ended 31 December 2024 (2023: nil). The recoverable amount of the solar power plants has been determined on value in use using discounted cash flow method (level 3 fair value measurements).

Key estimates and assumptions used for determining the recoverable amount under value in use using discounted cash flow method are pre-tax discount rate in the range of 7.15% to 10.09% (2023: 7.5% to 10.8%).

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 2024 and 2023 as detailed in Note 42.

## 22. INTANGIBLE ASSETS

	Computer software RMB'000	Technical know-how RMB'000	Trademarks RMB'000	Patents RMB'000 (Note)	Others RMB'000	Total RMB'000
<b>Cost</b>						
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	5,475	120,247	56,274	142,453	47	324,496
<b>Accumulated amortisation and impairment</b>						
1 January 2023	4,130	120,247	56,274	32,483	47	213,181
Amortisation for the year	491	-	-	14,743	-	15,234
Impairment loss for the year	-	-	-	60,227	-	60,227
At 31 December 2023 and at 1 January 2024	4,621	120,247	56,274	107,453	47	288,642
Amortisation for the year	491	-	-	6,825	-	7,316
Impairment loss for the year	-	-	-	10,157	-	10,157
31 December 2024	5,112	120,247	56,274	124,435	47	306,115
<b>Carrying amount</b>						
At 31 December 2024	363	-	-	18,018	-	18,381
At 31 December 2023	854	-	-	35,000	-	35,854

Note:

The patents are patents used for hydrogen power systems for hydrogen vehicles. The Group carried out reviews of the recoverable amount of the patents as a result of adverse changes in the market. With reference to the valuation performed by a professional independent valuer, an impairment loss of RMB10,157,000 has been recognised in profit or loss in 2024 (2023: impairment loss of RMB60,227,000). As at 31 December 2024, the recoverable amount of the patents has been determined by income approach and the pre-tax discount rate of 25.10% is used for determining the recoverable amount of the patents.



## 23. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Unlisted investments:		
Share of net assets	<b>39,098</b>	37,451

The Group has the following associates as at 31 December 2024:

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

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

	Guoxin Suntech		Ningxia Suntech	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current assets	<b>16,319</b>	19,500	<b>69,575</b>	76,152
Current assets	<b>18,105</b>	12,011	<b>48,762</b>	35,224
Non-current liabilities	-	-	<b>(38,340)</b>	(40,579)
Current liabilities	<b>(314)</b>	(126)	<b>(24,039)</b>	(15,618)
Net assets	<b>34,110</b>	31,385	<b>55,958</b>	55,179
Group's share of net assets	<b>16,714</b>	15,379	<b>22,384</b>	22,072
Group's share of carrying amount of interests	<b>16,714</b>	15,379	<b>22,384</b>	22,072
<b>Year ended 31 December:</b>				
Revenue	<b>8,233</b>	7,243	<b>13,071</b>	14,772
Profit for the year	<b>2,725</b>	1,098	<b>779</b>	3,158
Total comprehensive income for the year	<b>2,725</b>	1,098	<b>779</b>	3,158
Dividend	-	-	-	-

As at 31 December 2024, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to RMB18,430,000 (2023: RMB9,332,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

**24. INTEREST IN A JOINT VENTURE**

	2024 RMB'000	2023 RMB'000
Unlisted investments:		
Share of net liabilities	(52,492)	(52,492)
Goodwill	313,848	313,848
	<b>261,356</b>	261,356
Less: Impairment loss recognised	<b>(261,356)</b>	(261,356)
	-	-

The Group has the following joint venture as at 31 December 2024.

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

Notes:

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

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

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

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

**25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2024 RMB'000	2023 RMB'000
Unlisted equity investment	1,000	1,000



## 26. OTHER NON-CURRENT ASSETS

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Other deposits (note)	<b>17,779</b>	12,921

Note:

The amount represented the deposits placed for securing certain long term borrowings from financial institutions as summarised in Note 42 and will be returned to the Group upon maturity, of which will not be matured within twelve months after the end of the reporting period.

## 27. TRADE AND OTHER RECEIVABLES

	Notes	<b>2024</b>	2023
		<b>RMB'000</b>	RMB'000
Trade receivables		<b>25,367</b>	29,021
Accrued revenue on tariff subsidies	i, viii	<b>836,896</b>	736,805
		<b>862,263</b>	765,826
Less: loss allowance recognised		<b>(11,135)</b>	(5,824)
Total trade receivables and accrued revenue on tariff subsidies		<b>851,128</b>	760,002
Prepaid expenses		<b>217</b>	233
Other receivables			
Amounts due from independent third parties	ii	<b>5,459</b>	6,757
Amounts due from a disposed subsidiary	ii	<b>440</b>	1,420
Consideration receivables for disposal of subsidiaries in previous years	iii	<b>16,911</b>	20,483
Consideration receivables for disposal of Wushi and Two Target Companies	iv	<b>7,657</b>	70,867
Consideration receivables for disposal of Baoshan Changshan	v	<b>70</b>	241
Security deposits	vi, viii	<b>103,208</b>	119,184
Others	vii	<b>2,582</b>	2,855
Total prepaid expenses and other receivables		<b>136,544</b>	222,040
		<b>987,672</b>	982,042

**27. TRADE AND OTHER RECEIVABLES (Continued)**

Notes:

- (i) The Group's accrued revenue on tariff subsidies are receivables from the state grid company. Generally, trade receivables are due within 30 days from the date of billing, except for collection of the accrued revenue on tariff subsidies, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. The collection of accrued revenue on tariff subsidies is expected in the normal operating cycle, which may be recovered after twelve months from the reporting date. Accrued revenue on tariff subsidies is discounted at an effective interest rate ranged from 1.10% to 2.12% (2023: ranged from 2.12% to 2.34%) per annum as at 31 December 2024.
- (ii) All balances due are unsecured, interest-free and repayable on demand. Management of the Company expects the balances would be settled within the next 12 months after the end of the reporting period.
- (iii) As at 31 December 2024, the amount included consideration receivable from the disposal of the subsidiaries amounting to RMB16,911,000, net of loss allowance of RMB27,398,000 (2023: RMB20,483,000, net of loss allowance of RMB34,386,000). The amount was non-trade in nature, unsecured, interest-free and repayable within one year.
- (iv) As at 31 December 2024, the amount included consideration receivable from the disposal of (i) Wushi Longbai Electricity Investment Co., Ltd (烏什龍柏電力投資有限公司) ("Wushi") and (ii) Hebei Santong 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) (collectively, the "Two Target Companies") amounting to RMB7,657,000, net of loss allowance of RMB62,590,000 (2023: RMB70,867,000, net of loss allowance of RMB19,158,000).
- (v) As at 31 December 2024, the amount included consideration receivable from the disposal of Baoshan Changshan amounting to RMB70,000, net of loss allowance of RMB180,000 (31 December 2023: RMB241,000, net of loss allowance of RMB9,000).
- (vi) The amount represented securities deposits placed by the Group against the Group's outstanding corporate bond payables, short term borrowings and short term leases. As at 31 December 2024, loss allowance of RMB3,937,000 (2023: RMB736,000) was recognised.
- (vii) The amount mainly included custom deposits and advances to staff for the operational purpose for both years.
- (viii) Certain trade receivable and accrued revenue on tariff subsidies and security deposits had been pledged as securities for securing loans and general credit facilities granted to the Group as at 31 December 2024 and 2023 as detailed in Note 42.

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.

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
0 to 30 days	<b>9,110</b>	11,780
31 to 60 days	<b>9,338</b>	14,261
61 to 90 days	<b>10,409</b>	14,803
91 to 180 days	<b>36,726</b>	48,834
Over 180 days	<b>785,545</b>	670,324
	<b>851,128</b>	760,002

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



## 27. TRADE AND OTHER RECEIVABLES (Continued)

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

	2024 RMB'000	2023 RMB'000
0 to 30 days	2,073	2,973
31 to 60 days	682	1,565
61 to 90 days	764	1,224
91 to 180 days	2,515	4,197
Over 180 days	10,482	14,744
	<b>16,516</b>	24,703

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

### At 31 December 2024

		Default rate	Gross amounts RMB'000	Loss allowance RMB'000	Net RMB'000
<b>Customer Group A</b>					
<b>Customer assessed individually</b>	<b>Low risk</b>	<b>0.05%</b>	<b>848,265</b>	<b>(450)</b>	<b>847,815</b>
	<b>Not past due</b>	<b>Not more than 3 months</b>	<b>3 to 6 months</b>	<b>Over 6 months</b>	<b>Total</b>
<b>Customer Group B</b>					
<b>Customer assessed collectively</b>					
Weighted average expected loss rate	41.1%	55.2%	69.7%	84.3%	76.3%
Gross carrying amount (RMB'000)	776	1,851	1,655	9,716	13,998
Lifetime ECL (RMB'000)	(319)	(1,022)	(1,154)	(8,190)	(10,685)
Net carrying amount (RMB'000)	457	829	501	1,526	3,313

**27. TRADE AND OTHER RECEIVABLES (Continued)**

At 31 December 2023

		Default rate	Gross carrying amounts RMB'000	Loss allowance RMB'000	Net RMB'000
<b>Customer Group A</b>					
<b>Customer assessed individually</b>	Low risk	0.06%	749,504	(432)	749,072
	Not past due	Not more than 3 months	3 to 6 months	Over 6 months	Total
<b>Customer Group B</b>					
<b>Customer assessed collectively</b>					
Weighted average expected loss rate	3.5%	3.5%	3.5%	54.0%	33.0%
Gross carrying amount (RMB'000)	778	2,499	3,500	9,545	16,322
Lifetime ECL (RMB'000)	(27)	(88)	(123)	(5,154)	(5,392)
Net carrying amount (RMB'000)	751	2,411	3,377	4,391	10,930

**28. RECEIVABLES AT FVTOCI**

	2024 RMB'000	2023 RMB'000
Bills receivables aged within 6 months based on the issue dates of bills receivables	2,448	1,070

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

**29. TRANSFERS OF FINANCIAL ASSETS**

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

As at 31 December 2024, 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 RMB2,448,000 (2023: RMB1,070,000).

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



### 30. AMOUNTS DUE FROM RELATED PARTIES

	Notes	Maximum amount outstanding during the year RMB'000	2024 RMB'000	2023 RMB'000
Consideration receivables arising from the disposal of subsidiaries in previous year	i	859,011	843,069	828,851
Amount due from a non-controlling shareholder	ii	3,531	3,465	3,407
Loan advanced to the related parties	iii	75,728	41,847	73,105
Others		5	5	5
Trade receivables	iv	N/A	12,007	10,675
Less: loss allowance recognised		N/A	(222)	(375)
			<b>900,171</b>	<b>915,668</b>

Notes:

- (i) As at 31 December 2024, the amount included RMB843,069,000 (net of loss allowance of RMB15,943,000) (2023: RMB828,851,000 (net of loss allowance of RMB30,161,000)), representing the consideration receivable from Asia Pacific Resources, an indirect wholly-owned company controlled by Mr. Cheng, a substantial shareholder of the Company, arising from disposal of subsidiaries in 2019. The amount due was unsecured, interest-free, and repayable on demand.
- (ii) As at 31 December 2024, the amount included RMB3,465,000 (net of loss allowance of RMB66,000) (2023: RMB3,407,000 (net of loss allowance of RMB124,000)), representing the receivable from a non-controlling shareholder. The amount due was unsecured, interest-free, and repayable on demand.
- (iii) As at 31 December 2024, the amount included RMB41,847,000 (net of loss allowance of RMB772,000) (2023: RMB73,105,000 (net of loss allowance of RMB2,623,000)), representing the loan advanced to former subsidiaries, which are now indirectly and wholly-owned by Mr. Cheng. The amounts due were unsecured, interest-free, and repayable within one year.
- (iv) As at 31 December 2024, the amount mainly included RMB11,785,000 (net of loss allowance of RMB222,000) (2023: RMB10,300,000 (net of loss allowance of RMB375,000)), arising from the supply and the sales of electricity to the former subsidiaries, which are now indirectly and wholly-owned by Mr. Cheng, generated from the Group's roof-top solar power plant, which was trade related, unsecured and interest-free, and the credit period granted by the Group to the related party was 180 days. Certain portion of the balance was aged within 0 to 365 days, while the remaining portion was aged over 365 days, based on the electricity transmitted date.

### 31. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group and bills payables and are therefore classified as current assets. The deposits are in USD, HKD, Euro ("EUR") and Japanese Yen ("JPY") and at fixed interest rate ranging from 0.55%–2.00% (2023: ranging from 0.55%–2.00%) and therefore are subject to foreign currency risk and fair value interest rate risk.

As at 31 December 2024, the bank and cash balances of the Group denominated in RMB amounted to RMB12,613,000 (2023: RMB96,806,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

**32. TRADE AND OTHER PAYABLES**

	Notes	2024 RMB'000	2023 RMB'000
Trade payables		<b>2,690</b>	1,355
Payables for EPC of solar power plants	i	<b>45,072</b>	46,960
Other tax payables		<b>5,587</b>	13,870
Amounts due to independent third parties	ii	<b>7,136</b>	15,437
Interest payables		<b>908,680</b>	735,816
Accrued expenses		<b>10,975</b>	10,340
Accrued payroll and welfare		<b>1,171</b>	1,580
Consideration payable for previous acquisition of subsidiaries	iii	<b>6,849</b>	6,849
Amounts due to a disposed subsidiary		<b>91,092</b>	91,092
Others		<b>1,288</b>	1,338
		<b>1,080,540</b>	924,637

## Notes:

- (i) Amount represented payables incurred for engineering, procurement and construction ("EPC") of solar power plants. The amounts would be repayable within twelve months after the end of the reporting period and such amounts were therefore classified as current liabilities at the end of the reporting period.
- (ii) As at 31 December 2024 and 31 December 2023, the amounts were non-trade in nature, unsecured, interest-free and repayable on demand.
- (iii) The amounts mainly resulted from the Group's acquisition of subsidiaries with solar power plants in the prior years, which were unsecured, interest-free and repayable on demand.

The credit period on purchases of goods is 0 to 180 days (2023: 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:

	2024 RMB'000	2023 RMB'000
0 to 30 days	<b>1,599</b>	768
31 to 60 days	<b>451</b>	85
61 to 90 days	<b>160</b>	50
91 to 180 days	<b>480</b>	151
Over 180 days	<b>-</b>	301
	<b>2,690</b>	1,355



### 33. AMOUNTS DUE TO THE RELATED PARTIES

Analysed for reporting purpose as:

	Notes	2024 RMB'000	2023 RMB'000
<b>Current</b>			
Loan advanced from the former subsidiaries	i	37,538	71,538
Payable to a non-controlling shareholder		30,000	30,000
Interest payable to a related company	ii	156,273	102,266
Loan from a related company	ii	678,831	664,244
Interest of Second CB payable to Peace Link (Note 36)		-	3,179
Bond payable to Peace Link		616,042	-
Interest of Bond payable to Peace Link (Note 38)	iii	11,734	12,598
		<b>1,530,418</b>	<b>883,825</b>
<b>Non-current</b>			
Bond payable to Peace Link	iii	-	419,815

Notes:

- (i) As at 31 December 2024, the balances due to the former subsidiaries, which is now directly and wholly-owned by Mr. Cheng, a substantial shareholder of the Company, were non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) On 23 December 2021, the Group entered into a framework agreement and all relevant legal documents with Sino Alliance Capital Limited and Asia Pacific Resources, in which Asia Pacific Resources settled the total amount of HKD733,000,000 (equivalent to RMB678,831,000) to Sino Alliance on behalf of the Group. As at 31 December 2024, the amount of HKD733,000,000 (2023: HKD733,000,000) was unsecured, carried interest rate at 7.5% per annum and repayable on 22 December 2025. The interest payable to Asia Pacific Resources amounting to RMB156,273,000 (2023: RMB102,266,000) was non-trade in nature, unsecured, interest-free and repayable on demand.
- The loan was renewed with the repayable date having extended to 22 December 2025.
- (iii) On 18 August 2023, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link, a company beneficially owned by a substantial shareholder of the Company, pursuant to which the Company has completed the redemption in respect of the Second CB with Peace Link by issuing bonds in the principal amount of HKD466,346,000. The bonds were issued on 18 August 2023, bear interest at 8% per annum, and are repayable on 17 August 2025.
- On 16 April 2024, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link, a company beneficially owned by a substantial shareholder of the Company, pursuant to which the Company has completed the redemption in respect of the Third CB with Peace Link by issuing bonds in the principal amount of HKD200,000,000 (the "New Bonds"). The New Bonds were issued on 16 April 2024, interest-free, unsecured, and are repayable on 16 April 2026 with the repayment on demand clause. The New bonds with a carrying amount of RMB182,540,000 were classified as current liability.

**34. LEASE LIABILITIES**

	Lease payments		Present value of lease payments	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Within one year	<b>14,109</b>	14,114	<b>13,240</b>	12,871
In the second to fifth years, inclusive	<b>6,558</b>	9,692	<b>3,932</b>	6,931
Over five years	<b>8,798</b>	10,339	<b>7,015</b>	7,913
	<b>29,465</b>	34,145	<b>24,187</b>	27,715
Less: Future finance charges	<b>(5,278)</b>	(6,430)		
Present value of lease obligations	<b>24,187</b>	27,715		
Less: Amount due for settlement within 12 months (shown under current liabilities)			<b>(13,240)</b>	(12,871)
Amount due for settlement after 12 months			<b>10,947</b>	14,844

At 31 December 2024, the average effective borrowing rate was 5.88%-8.33% (2023: 5.88%-8.33%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.



### 35. BANK AND OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings	543,994	544,770
Other borrowings	1,083,502	1,063,834
	<b>1,627,496</b>	1,608,604
Secured and guaranteed	875,046	880,571
Secured and unguaranteed	394,815	390,863
Unsecured and unguaranteed	357,635	337,170
	<b>1,627,496</b>	1,608,604
Carrying amount repayable:		
Within one year	1,272,228	1,203,642
More than one year, but not exceeding two years	165,530	189,668
More than two years, but not exceeding five years	189,738	211,604
More than five years	-	3,690
	<b>1,627,496</b>	1,608,604
Less: amounts due within one year shown under current liabilities	<b>(1,272,228)</b>	(1,203,642)
Amounts shown under non-current liabilities	<b>355,268</b>	404,962

As at 31 December 2024, the amounts of borrowings overdue was approximately RMB908,316,000 (2023: RMB868,962,000).

Certain equity interests of subsidiaries and assets of the Group were pledged for bank and other borrowings (Note 42).

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

	2024	2023
Effective interest rate:		
Fixed rate borrowings	4.0%-10.0%	4.0%-10.0%
Variable rate borrowings	4.9%-14.0%	4.9%-12.0%

As at 31 December 2024 and 31 December 2023, the Group had variable-rate borrowings which carried interest based on the benchmark interest rate issued by the PBOC. Interest was reset every one month, three months or one year.

### 36. CONVERTIBLE BONDS

The movements of the liability components of the convertible bonds during the year ended 31 December 2024 and 2023 are set out below:

	<b>First CB</b> (note (a)) RMB'000	<b>Second CB</b> (note (b)) RMB'000	<b>Third CB</b> (note (c)) RMB'000	<b>Total</b> RMB'000
At 1 January 2023	110,167	371,825	123,637	605,629
Effective interest expense charged for the year	3,801	-	26,353	30,154
Repayment of the convertible bond	-	(1,710)	-	(1,710)
Redemption of the Second CB by issuing New Bonds	-	(370,115)	-	(370,115)
At 31 December 2023 and 1 January 2024	113,968	-	149,990	263,958
Effective interest expense charged for the year	-	-	8,741	8,741
Redemption of the Third CB by issuing New Bonds	-	-	(158,731)	(158,731)
At 31 December 2024	113,968	-	-	113,968
Representing:				
At 31 December 2024				
Current liabilities	25,079	-	-	25,079
Non-current liabilities	88,889	-	-	88,889
	113,968	-	-	113,968
At 31 December 2023				
Current liabilities	25,079	-	149,990	175,069
Non-current liabilities	88,889	-	-	88,889
	113,968	-	149,990	263,958



### 36. CONVERTIBLE BONDS (Continued)

Notes:

#### (a) First CB (as defined below)

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

As at 31 December 2024, certain portion of the First CB of RMB25,079,000 (2023: RMB25,079,000) was classified as current liability as the early redemption option gives the holder the right (except for Peace Link has waived such right as detailed below) to require the Company to redeem 100% (31 December 2023: 100%) of the First CB on demand on 28 February 2023 (2023: 28 February 2023). Meanwhile, as at 31 December 2024, the remaining portion of the First CB of RMB88,889,000 (2023: RMB88,889,000) was classified as non-current liability as the Group has obtained intention letter from Peace Link, one of convertible bondholder of the First CB, which expressed its consent not to exercise the right to early redemption for a period of 12 months from the end of the reporting period.

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

#### (b) Second CB (as defined below)

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

On 18 August 2023, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link, pursuant to which the Company has completed the redemption in respect of the Second CB with Peace Link by issuing bonds (Note 33).

**36. CONVERTIBLE BONDS (Continued)****(c) Third CB (as defined below)**

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

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

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

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

On 16 April 2024, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link, pursuant to which the Company has completed the redemption in respect of the Third CB with Peace Link by issuing bonds (Note 33).

- (d)** The directors estimate the fair value of the liability component of the convertible bonds at 31 December 2024 to be approximately RMB17,658,000 (2023: RMB200,523,000). This fair value has been calculated by discounting the future cash flows at the market interest rate (level 3 fair value measurements).

**37. BOND PAYABLES**

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
2015 Corporate Bond (note a)	<b>329,909</b>	329,909
2016 Corporate Bond (note b)	<b>255,463</b>	255,463
	<b>585,372</b>	585,372



### 37. BOND PAYABLES (Continued)

Notes:

(a) 2015 Corporate Bond

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

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

Further, a First Freezing Order was issued by the Changzhou Intermediate People's Court of Jiangsu Province upon the application by the two bondholders of the 2015 Corporate Bond and accordingly, the equity interests of four subsidiaries as described in Note 2.1 have been put under the freezing order. As at 31 December 2024, the total principal amount of RMB329,909,000 (2023: RMB329,909,000) and accrued bond interest of RMB145,817,000 (2023: RMB120,014,000) were overdue. In March 2024, the above proceedings have not yet been completed in the Shanghai Arbitration Commission.

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

(b) 2016 Corporate Bond

On 22 June 2016, Shunfeng Investment issued a 2-year corporate bond at par to certain independent third parties in the principal amount of RMB450,000,000 ("2016 Corporate Bond"). On 31 May 2021, the Group had entered into an extension agreement with the bondholder and agreed to further extend the due date of outstanding principal of RMB255,463,000 to 25 October 2021. As at 31 December 2024, the outstanding principal of RMB255,463,000 carried interest rate of 7.7% per annum was secured by a security deposit of RMB103,130,000 (2023: RMB106,342,000) and the accrued bond interest of RMB120,978,000 (2023: RMB101,253,000) was overdue.

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

### 38. SHARE CAPITAL

**Authorised:**

	Number of shares	Amount HK\$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024		
- Ordinary shares of HKD0.01 each	10,000,000,000	100,000

**Issued and fully paid:**

	Number of shares	Amount HK\$'000	Amount RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024			
	5,082,375,490	50,823	41,641

**39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>		
Investment in subsidiaries	1	1
Amounts due from subsidiaries	18,451	417,469
	<b>18,452</b>	417,470
<b>Current assets</b>		
Amounts due from related parties	5	5
Bank balances and cash	13	8
	<b>18</b>	13
<b>Current liabilities</b>		
Bank and other borrowings	878,572	864,427
Convertible bonds	25,079	175,069
Other payables	368,655	388,387
Amounts due to subsidiaries	1,576	1,710
Amounts due to the related parties	627,775	15,776
	<b>1,901,657</b>	1,445,369
<b>Net current liabilities</b>	<b>(1,901,639)</b>	(1,445,356)
<b>Total assets less current liabilities</b>	<b>(1,883,187)</b>	(1,027,886)
<b>Non-current liabilities</b>		
Amounts due to the related parties	-	419,815
Convertible bonds	88,889	88,889
	<b>88,889</b>	508,704
<b>NET LIABILITIES</b>	<b>(1,972,076)</b>	(1,536,590)
<b>Capital and reserves</b>		
Share capital	41,641	41,641
Reserves	(2,013,717)	(1,578,231)
Capital deficiency	<b>(1,972,076)</b>	(1,536,590)



### 39. 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	Other reserve RMB'000	Accumulated deficits RMB'000	Total RMB'000
At 1 January 2023	6,078,548	886,661	879,850	-	(9,034,071)	(1,189,012)
Total comprehensive loss for the year	-	-	-	-	(392,820)	(392,820)
Deemed contribution from shareholder in relation to issuance of bond	-	-	-	3,601	-	3,601
Transfer upon maturity of convertible bonds	-	-	(118,469)	-	118,469	-
At 31 December 2023 and 1 January 2024	6,078,548	886,661	761,381	3,601	(9,308,422)	(1,578,231)
Total comprehensive loss for the year	-	-	-	-	(435,486)	(435,486)
Transfer upon maturity of convertible bonds	-	-	(84,254)	-	84,254	-
At 31 December 2024	6,078,548	886,661	677,127	3,601	(9,659,654)	(2,013,717)

### 40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transaction

On 16 April 2024, the Company entered into a convertible bond redemption agreement and a bond subscription agreement with Peace Link, pursuant to which the Company has completed the redemption in respect of the Third CB with Peace Link by issuing bonds (Note 36).

**40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)****(b) Changes in liabilities arising from financing activities**

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

	Interest payables included in accrued expenses RMB'000	Amounts due to independent third parties RMB'000	Amounts due to the related parties RMB'000	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Convertible bonds RMB'000	Bond payables RMB'000	Total liabilities from financing activities RMB'000
1 January 2023	713,862	6,767	1,291,629	35,546	2,598,335	605,629	585,372	5,837,140
Changes in cash flows	(39,437)	8,670	(503,142)	(6,657)	(105,989)	(1,709)	-	(648,264)
Non-cash changes								
- Exchange differences	7,038	-	1,298	59	26,535	62,850	-	97,780
- Finance costs	282,069	-	63,387	1,450	-	51,257	-	398,163
- Loss on redemption of the liability portion for the second CB	-	-	-	-	-	-	-	-
- Disposal of subsidiaries	(60,698)	-	-	-	(306,255)	-	-	(366,953)
- Settled by fully disposal of a subsidiary	(167,018)	-	-	-	(604,022)	-	-	(771,040)
- Reclassified from convertible bonds	-	-	21,104	-	-	(21,104)	-	-
- Redemption of the Second CB by issuing New Bonds	-	-	429,364	-	-	(432,965)	-	(3,601)
- Modifications of lease liabilities	-	-	-	(2,683)	-	-	-	(2,683)
At 31 December 2023 and 1 January 2024	735,816	15,437	1,303,640	27,715	1,608,604	263,958	585,372	4,540,542
Changes in cash flows	(42,546)	(8,301)	(38,828)	(5,339)	(4,461)	-	-	(99,475)
Non-cash changes								
- Addition of lease liabilities	-	-	-	513	-	-	-	513
- Exchange differences	7,388	-	27,384	14	18,681	26,093	-	79,560
- Finance costs	208,260	-	87,398	1,284	12,354	8,741	-	318,037
- Settlement through offsetting the loan advanced to the related parties	-	-	(34,000)	-	-	-	-	(34,000)
- Repayment of other borrowings and accrued interests by use of security deposit	(238)	-	-	-	(7,682)	-	-	(7,920)
- Redemption of the Third CB by issuing New Bonds	-	-	184,824	-	-	(184,824)	-	-
At 31 December 2024	908,680	7,136	1,530,418	24,187	1,627,496	113,968	585,372	4,797,257



## 41. PRINCIPAL SUBSIDIARIES

Name of the subsidiary	Place of incorporation/ establishment	Paid-in share capital/registered capital/issued share capital	Equity interest attributable to the Company at 31 December 2024		Principal activity
			Direct	Indirect	
Shunfeng Photovoltaic Holding Limited	Hong Kong	Ordinary shares of HKD500	100%	-	Investment holding
Jiangsu Shunfeng Photovoltaic Electronic Power Co., Ltd* (Note (b))	The PRC	Registered capital of USD190,000,000	-	100%	Manufacturing and sales of solar products and provision of related installation services
Jiangxi Shunfeng Photovoltaic Investment Co., Ltd.* (Note (a))	The PRC	Paid up capital of RMB450,000,000	-	100%	Investment holding
Sangri Suntech Power Co., Ltd*	The PRC	Paid up capital of RMB46,000,000	-	100%	Solar power generation
Shunfeng Hengjin Hydrogen Energy Development (Shanghai) Co., Ltd.* (Notes (a) and (c))	The PRC	Registered capital of RMB400,000,000	-	71%	Developing and manufacturing the hydrogen energy equipment of heavy duty truck
Zhucheng Xinshunfeng Photoelectric Technology Co., Ltd.* (Note (a))	The PRC	Registered capital of RMB1,000,000	-	100%	Solar power generation
Taojiang Safeway Photovoltaic Technology Ltd* (Note (a))	The PRC	Paid up capital of RMB30,000,000	-	100%	Solar power generation

Notes:

(a) The companies are limited liability companies.

(b) The companies are wholly-owned foreign enterprises

(c) Pursuant to the shareholder cooperation agreement between the Group and Shanghai Hengjin Power Technology Co., Ltd (上海恒勁動力科技有限公司), the Group has to inject RMB300,000,000 in Shunfeng Hengjin Hydrogen Energy Development (Shanghai) Co., Ltd. (順風恒勁氫能源發展(上海)有限公司) ("Shunfeng Hengjin") as capital on or before 31 December 2035. As at 31 December 2024 and 31 December 2023, the aforesaid payment has not yet been made.

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

**41. PRINCIPAL SUBSIDIARIES (Continued)**

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

Name of the subsidiary	Place of incorporation/ establishment	% of ownership interests/ voting rights	
		2024	2023
Shunfeng Hengjin	The PRC	29%	29%

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

**Shunfeng Hengjin**

	2024 RMB'000	2023 RMB'000
<b>At 31 December:</b>		
Non-current assets	20,565	37,548
Current assets	1,568	1,574
Non-current liabilities	-	-
Current liabilities	(49,096)	(49,074)
Net liabilities	(26,963)	(9,952)
Accumulated NCI	63,499	68,389
<b>Year ended 31 December:</b>		
Revenue	-	-
Loss and total comprehensive loss for the year	(17,011)	(75,188)
Loss allocated to NCI	(4,890)	(21,617)
Dividends paid to NCI	-	-
Net cash used in operating activities	(6)	(3)
Net decrease in cash and cash equivalents	(6)	(3)

As at 31 December 2024, the bank and cash balances of Shunfeng Hengjin in RMB amounted to RMB2,000 (2023: RMB8,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

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

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



## 42. PLEDGE OF ASSETS

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

Meanwhile, 17 (2023: 17) subsidiaries of the Group, which operated solar power generation, 90% to 100% equity interests and related assets were also pledged in order to obtain bank and other borrowings. The following assets (excluding those of assets classified as held for sale) to various financial institutions for securing loans and general credit facilities granted to the Group.

	2024 RMB'000	2023 RMB'000
Right-of-use assets (Note 20)	530	586
Solar power plants (Note 21)	950,547	1,031,633
Trade receivables, contract assets and accrued revenue on tariff subsidies (Note 27)	836,778	746,571
Security deposit included in trade and other receivables (Note 27)	103,130	119,184
Other deposits included in other non-current assets (Note 26)	12,921	12,921

## 43. CONTINGENT LIABILITIES AND MAJOR LITIGATION

### (a) Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2024 (at 31 December 2023: Nil).

### (b) Major litigation

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

On 10 June 2022, a Creditor of a bondholder of 2016 Corporate Bond filed a petition with the Changzhou Intermediate People's Court of Jiangsu Province requesting Shunfeng Photovoltaic Investments, an indirect wholly-owned subsidiary of the Company, to pay the principal amount of RMB142,000,000 of the 2016 Corporate Bond and interest of the 2016 Corporate Bond to the Creditors.

Further, the Second Freezing Order was issued by Changzhou Intermediate People's Court upon the application by the Creditor and accordingly, the equity interests of certain subsidiaries, being Xinjiang Tianli, Hainan Xinsheng, Yingjisha, Kezhou Baishide and Tongwei have been put under the Second Freezing Order. As at 31 December 2024, the total principal amount of the 2016 Corporate Bond of RMB255,463,000 (2023: RMB255,463,000) and accrued bond interests of RMB120,978,000 (2023: RMB101,253,000) were recognised in bond payables and trade and other payables, respectively. In April 2023, Changzhou Intermediate People's Court of Jiangsu Province issued a judgment requiring Shunfeng Photovoltaic Investment to repay the principal of the 2016 Corporate Bond of RMB142,000,000 and the interest of approximately RMB55,198,000 to the Creditor. The Creditor appealed to the High People's Court of Jiangsu Province. Up to the date of this report, the above proceedings have not been completed in the High People's Court of Jiangsu Province.

### 43. CONTINGENT LIABILITIES (Continued)

#### (b) Major litigation (Continued)

##### (ii) Arbitration lodged by Sino Alliance Capital Limited

References are made to the Company's announcements dated 4 July 2022, 25 November 2022, 29 December 2022, 13 June 2023 and 12 January 2024 and the Company's circular (the "Circular") dated 26 October 2022, in relation to the Final Sale and Purchase Agreements entered into among the Purchaser, the Vendor, Xinjiang Pu Xin Cheng Da, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Company on 29 June 2022 and 13 June 2023 respectively. Unless otherwise defined, capitalised terms shall have the meanings as defined in the Circular. On 29 December 2023, the Company, Jiangxi Shunfeng, Shunfeng Photovoltaic Investments and the Vendor (collectively, as the defendants) received a Writ of Summons issued on 29 December 2023 by the Purchaser (as the plaintiff) in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region, claiming for the difference of loss of Xinjiang Pu Xin Cheng Da from 30 September 2020 to the date of Completion and the change of equity of Xinjiang Pu Xin Cheng Da from 31 December 2021 to the date of Completion, and other relevant costs. The Company disagrees with the claim and is currently seeking legal advice in respect of the above proceedings and intends to defend its position.

During the Year, the Company received the statement of claim from the plaintiff and the Company submitted the statement of defence to the Court of First Instance, as well as other court documents, including but not limited to witness statement and timetable questionnaire. Both the Company and the plaintiff stated their own intention to settle this case by mediation, a case management conference hearing is fixed for 29 May 2025. Except for the above, as of the date of this report, there is no further update.



#### 44. RELATED PARTY TRANSACTIONS

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

Name of related parties	Relationship	Nature of transactions	2024 RMB'000	2023 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	-	3
Wuxi Suntech	Note (ii)	Sales of power generation	1,179	2,825
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 expense	-	659
Asia Pacific Resources	Note (iii)	Interest expense	50,988	49,967
Peace Link	Note (iv)	Interest expense	45,151	63,726

Notes:

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

#### 44. RELATED PARTY TRANSACTIONS (Continued)

##### (b) Compensation of key management personnel

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

	2024 RMB'000	2023 RMB'000
Basic salaries and allowances	7,558	7,475
Contributions to defined contribution retirement plans	64	64
	<b>7,622</b>	7,539

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

#### 45. EVENTS AFTER THE REPORTING PERIOD

The Petition dated 13 February 2025 was filed by the creditor of the other borrowings at the High Court of the Hong Kong Special Administrative Region in connection with the financial obligation of the Company of the outstanding overdue principal amount and accrued interest in aggregate of HK\$289.1 million.

#### 46. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2025.

# FINANCIAL SUMMARY

<b>Results</b>	2020 RMB'000 (Re-presented)	2021 RMB'000 (Restated)	2022 RMB'000	2023 RMB'000	<b>2024 RMB'000</b>
Revenue	904,422	650,186	313,143	238,481	<b>159,793</b>
Profit/(Loss) before interest expenses and tax	183,413	(219,281)	257,013	(68,251)	<b>(121,218)</b>
Interest expenses	(777,078)	(592,903)	(430,829)	(398,163)	<b>(318,037)</b>
Loss before tax	(593,665)	(812,184)	(173,816)	(466,414)	<b>(439,255)</b>
Income tax expense	(10,283)	(5,832)	(4,811)	(4,626)	<b>(1,014)</b>
Loss for the year	(603,948)	(818,016)	(178,627)	(471,040)	<b>(440,269)</b>
Other comprehensive income/(loss) for the year	40	(4,731)	13	11	<b>(6)</b>
Loss and total comprehensive income for the year	(603,908)	(822,747)	(178,614)	(471,029)	<b>(440,275)</b>
Loss for the year attributable to:					
Owner of the Company	(603,948)	(812,613)	(173,900)	(449,458)	<b>(435,480)</b>
Non-controlling interest	0	(5,403)	(4,727)	(21,582)	<b>(4,789)</b>
	(603,948)	(818,016)	(178,627)	(471,040)	<b>(440,269)</b>
Total comprehensive loss for the year attributable to:					
Owners of the Company	(603,908)	(817,344)	(173,887)	(449,447)	<b>(435,486)</b>
Non-controlling interests	0	(5,403)	(4,727)	(21,582)	<b>(4,789)</b>
	(603,908)	(822,747)	(178,614)	(471,029)	<b>(440,275)</b>
<b>Results</b>	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	<b>2024 RMB'000</b>
Total assets	9,708,470	6,806,991	5,058,798	3,249,639	<b>3,053,404</b>
Total liabilities	(9,625,419)	(7,632,260)	(6,057,492)	(4,715,761)	<b>(4,961,981)</b>
	83,051	(825,269)	(998,694)	(1,466,122)	<b>(1,908,577)</b>
Equity attributable to owners of the Company	(1,474,385)	(919,866)	(1,090,744)	(1,536,590)	<b>(1,972,076)</b>
Non-controlling interests	1,557,436	94,597	92,050	70,468	<b>63,499</b>
	83,051	(825,269)	(998,694)	(1,466,122)	<b>(1,908,577)</b>

## DEFINITIONS

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

- "2019 Disposals" the disposals as disclosed in the announcement of the Company dated 26 November 2019 and the circular of the Company dated 29 December 2019, whereby Jiangxi Shunfeng, Shanghai Shunneng Investment Co., Ltd (上海順能投資有限公司) ("**Shanghai Shunneng**") and Shijiazhuang Yakai New Energy Development Ltd (石家莊亞凱新能源開發有限公司), the indirect wholly-owned subsidiaries of the Company (the "**2019 Vendors**"), entered into 11 sale and purchase agreements with Zhonghe Shandong Energy Co., Ltd. (中核山東能源有限公司), pursuant to which the 2019 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 an aggregate consideration of RMB641,420,000
- "2020 Disposals" the disposals as disclosed in the announcement of the Company dated 18 March 2020, whereby Jiangxi Shunfeng and Shanghai Shunneng, the indirect wholly-owned subsidiaries of the Company, entered into six sale and purchase agreements with Zhejiang Zhengtai New Energy Development Co., Ltd. (浙江正泰新能源開發有限公司) 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
- "2021 First Disposals" the disposals as disclosed in the announcement of the Company dated 24 August 2021, whereby 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 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. (深圳尚德太陽能電力有限公司) 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) at an aggregate consideration of RMB537.6 million

"2021 Second Disposals"	the disposals as disclosed in the announcement of the Company dated 6 October 2021, whereby 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 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 (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) 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) at an aggregate consideration of RMB414.7 million
"2021 Third Disposal"	the disposal as disclosed in the announcement of the Company dated 28 December 2021, whereby 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 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. (河北聚格光電科技有限公司) 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 an aggregate consideration of RMB14.4 million
"Board"	the board of Directors
"Company"	Shunfeng International Clean Energy Limited
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"EPC"	engineering, procurement and construction
"Forced Sale"	the forced sale as disclosed in the announcement of the Company dated 1 December 2021, whereby 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
"Group"	the Company and its subsidiaries
"HKD" or "HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance, Chapter 622 of the laws of Hong Kong



## Definitions (Continued)

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"MW"	megawatt, which equals one million watt
"MWh"	megawatt hour
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"United States" or "U.S."	the United States of America
"USD" or "US\$"	U.S. dollar, the lawful currency of the U.S.
"we", "our", "us"	the Company or the Group (as the context requires)
"Year"	twelve months ended 31 December 2024



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

