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CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED
中國瑞風新能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00527)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Ruifeng Renewable Energy Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (or the "**Reporting Period**") together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2018

	Note	**2018** *RMB'000*	2017 *RMB'000*
Revenue	*4*	**361,184**	389,996
Cost of sales		**(217,373)**	(213,133)
Gross profit		**143,811**	176,863
Interest income		**12,237**	12,783
Other revenue and net income	*6*	**29,645**	42,588
Administrative expenses		**(82,760)**	(56,163)

Consolidated Statement of Profit or Loss *(con't)*
For the year ended 31 December 2018

	Note	**2018** **RMB'000**	2017 RMB'000
Profit from operations		**102,933**	176,071
Finance costs	7(a)	**(120,434)**	(121,541)
Share of profits less losses of associates		**6,807**	2,554
Share of losses of a joint venture		**(1,235)**	(1,240)
(Loss)/profit before taxation	7	**(11,929)**	55,844
Income tax	8	**(25,329)**	(31,719)
(Loss)/profit for the year		**(37,258)**	24,125
Attributable to:			
Equity shareholders of the Company		**(64,212)**	(7,090)
Non-controlling interests		**26,954**	31,215
(Loss)/profit for the year		**(37,258)**	24,125
Loss per share attributable to the owners of the Company during the year			
Basic and diluted (RMB)	9	**(0.036)**	(0.004)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit for the year	**(37,258)**	24,125
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the PRC	**(41,174)**	49,483
Net movement in the fair value change in respect of available-for-sale investment	**—**	2,481
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company	**22,766**	(35,769)
Net movement in the fair value change in respect of financial assets at fair value through other comprehensive income	**(1,498)**	—
Other comprehensive income for the year (net of tax)	**(19,906)**	16,195
Total comprehensive income for the year	**(57,164)**	40,320
Total comprehensive income attributable to:		
Equity shareholders of the Company	**(83,683)**	8,384
Non-controlling interests	**26,519**	31,936
Total comprehensive income for the year	**(57,164)**	40,320

Consolidated Statement of Financial Position
At 31 December 2018

	Note	2018 RMB'000	2017 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment		**1,501,350**	1,638,513
Lease prepayments		**10,008**	10,405
Interests in associates		**97,965**	91,790
Interest in a joint venture		**6,118**	7,354
Financial assets at fair value through other comprehensive income		**17,212**	—
Available-for-sale financial assets		**—**	18,710
Prepayments and other receivables	*12*	**301,711**	128,985
		1,934,364	1,895,757
Current assets			
Financial assets at fair value through profit or loss		**4,667**	—
Trading securities		**—**	1,012
Inventories		**125**	—
Trade receivables	*11*	**220,776**	190,766
Prepayments and other receivables	*12*	**349,033**	258,446
Lease prepayments		**398**	398
Cash and cash equivalents		**62,491**	104,495
		637,490	555,117
Current liabilities			
Trade and other payables	*13*	**190,997**	120,157
Borrowings		**717,402**	509,484
Current taxation		**2,650**	8,188
		911,049	637,829
Net current liabilities		**(273,559)**	(82,712)
Total assets less current liabilities		**1,660,805**	1,813,045
Non-current liabilities			
Borrowings		**756,195**	847,247
Deferred tax liabilities		**26,091**	32,033
		782,286	879,280
Net assets		**878,519**	933,765
Capital and reserves			
Share capital		**15,677**	15,677
Reserves		**610,673**	666,323
Total equity attributable to equity shareholders of the Company		**626,350**	682,000
Non-controlling interests		**252,169**	251,765
Total equity		**878,519**	933,765

Notes

1. GENERAL INFORMATION

China Ruifeng Renewable Energy Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 June 2006.

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2018 but are extracted from those financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), that are relevant to its operations and effective for its accounting year beginning on 1 January 2018 which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The Group incurred a loss of approximately RMB37,258,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net current liabilities of approximately RMB273,559,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis. The validity of which are based on the ability of the Group to attain profitable and positive cash flow from the operation in foreseeable future. In additions, the directors consider the successful in the issuance of convertible bonds of approximately HK$312,375,000 in March 2019 will enhance the cash flow position of the Group. Accordingly, the directors are of the opinion that it is appropriate to prepare the 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 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 consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

— financial instruments classified as financial assets at fair value through other comprehensive income or as financial assets at fair value through profit or loss; and

— derivative financial instruments.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impacts on the accounting policies of the Group except as stated below:

HKFRS 9 (2014) "Financial Instruments"

Available-for-sale investments and trading securities are now classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively.

The Group has taken advantage of the exemption in paragraph 7.2.15 of HKFRS 9 from restating prior periods in respect of HKFRS 9's classification and measurement (including impairment) requirements. Therefore, comparative information has not been restated. The changes in the consolidated amounts reported in the financial statements as at 1 January 2018 are as follows:

	1 January 2018
	RMB'000
Decrease in trading securities	**(1,012)**
Increase in financial assets at fair value through profit or loss	**1,012**
Decrease in available-for-sale financial assets	**(18,710)**
Increase in financial assets at fair value through other comprehensive income	**18,710**

The Group has not applied any new and revised standard or interpretation that has been issued but is not yet effective for the current accounting period.

4. REVENUE

The principal activity of the Group is wind power generation.

Revenue represents the sales value of electricity generated from the wind farm supplied to a power grid company (net of value added tax). The amount of revenue is as follows:

	2018	2017
	RMB'000	*RMB'000*
Sales of electricity	**361,184**	389,996

Electricity revenue is recognised over time as the electricity is supplied to the provincial grid companies periodically.

5. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segment. No operating segments have been aggregated to form the following reportable segment.

For the years ended 31 December 2018 and 2017, the Group has one segment of using wind turbine blades to generate electricity power in the People's Republic of China (the "PRC").

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources, the Group's chief executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of certain interests in associates and a joint venture. Segment liabilities include trade and other payables and income tax payable attributable to the individual segments and borrowings managed directly by the segment.

Revenue and expenses are allocated to the reportable segment with reference to sales generated by this segment and the expenses incurred by this segment or which otherwise arise from the depreciation or amortisation of assets attributable to this segment.

The measure used for reporting segment profit is "adjusted EBT" i.e. "adjusted earnings before taxes". To arrive at adjusted EBT, the Group's earnings are further adjusted for items not specifically attributed to the individual segment, such as share of profits less losses of associates, share of losses of a joint venture, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBT, management is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segment, depreciation, amortisation, impairment losses and additions to non-current segment assets used by the segment in its operations.

Information regarding the Group's reportable segment as provided to the Group's chief executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2018 and 2017 is set out below.

For the year ended 31 December 2018:

	Wind farm Operations *RMB'000*	**Un-allocated** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**361,184**	**—**	**361,184**
Reportable segment profit	**107,576**	**12,279**	**119,855**
Central administrative costs	**—**	**(60,351)**	**(60,351)**
Central finance costs	**—**	**(71,433)**	**(71,433)**
Loss before taxation			**(11,929)**
Income tax			**(25,329)**
Loss for the year			**(37,258)**

For the year ended 31 December 2017:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Reportable segment revenue	389,996	—	389,996
Reportable segment profit	136,087	23,077	159,164
Central administrative costs	—	(30,589)	(30,589)
Central finance costs	—	(72,731)	(72,731)
Profit before taxation			55,844
Income tax			(31,719)
Profit for the year			24,125

Other segment items included in the consolidated statement of profit or loss are as follows:

For the year ended 31 December 2018:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Depreciation and amortisation for the year	**(157,347)**	**(725)**	**(158,072)**
Impairment losses on trade and other receivables	—	—	—
Interest income	**5,062**	**7,175**	**12,237**
Share of losses of a joint venture	—	**(1,235)**	**(1,235)**
Share of profits less losses of associates	**(71)**	**6,878**	**6,807**
Additions to non-current segment assets during the year	**22,195**	**81**	**22,276**

As at 31 December 2018:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Assets	**2,247,820**	**219,951**	**2,467,771**
Associates	—	**97,965**	**97,965**
Joint venture	—	**6,118**	**6,118**
Reportable segment assets	**2,247,820**	**324,034**	**2,571,854**
Reportable segment liabilities	**(948,508)**	**(744,827)**	**(1,693,335)**

Other segment items included in the consolidated statement of profit or loss are as follows:

For the year ended 31 December 2017:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Depreciation and amortisation for the year	(157,412)	(873)	(158,285)
Impairment losses on trade and other receivables	(1,753)	(2,516)	(4,269)
Interest income	5,854	6,929	12,783
Share of losses of a joint venture	—	(1,240)	(1,240)
Share of profits less losses of associates	(297)	2,851	2,554
Additions to non-current segment assets during the year	11,782	146	11,928

As at 31 December 2017:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Assets	2,179,802	171,928	2,351,730
Associates	702	91,088	91,790
Joint venture	—	7,354	7,354
Reportable segment assets	2,180,504	270,370	2,450,874
Reportable segment liabilities	(962,466)	(554,643)	(1,517,109)

(b) Geographic information

In determining the Group's geographical segments, revenues and results are attributed to the segment based on the location of the customers, and assets are attributed to the segments based on the location of the assets. The Group's major operations and markets are located in the PRC, no further geographic segment information is provided.

(c) Information about a major customer

For the year ended 31 December 2018, revenue of approximately RMB361,184,000 (2017: approximately RMB389,996,000) was made to a single customer attributable to the wind farm operation segment comprising 100% (2017: 100%) of the total revenue of the Group.

6. OTHER REVENUE AND NET INCOME

	2018	2017
	RMB'000	*RMB'000*
Government subsidy income related to value added tax refund	**29,545**	24,064
Gain on bargain purchase for the acquisition of an associate	**—**	1,719
(Loss)/gain on disposal of property, plant and equipment	**(1,619)**	20
Net realised and unrealised loss on financial assets at fair value through profit or loss/trading securities	**(729)**	(1,121)
Foreign exchange gains	**—**	12,461
Rental income from operating leases	**2,227**	2,474
Others	**221**	2,971
	29,645	42,588

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

		2018	2017
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest expenses on bank loans and other loans	**58,043**	68,764
	Interest expenses on bonds	**14,173**	13,837
	Interest expenses on convertible notes	**39,305**	38,931
	Finance charges on obligations under finance lease	**8,913**	9
	Total interest expenses	**120,434**	121,541
(b)	**Staff costs (including directors' remuneration):**		
	Contributions to defined contribution retirement plans	**4,021**	3,578
	Salaries, wages and other benefits	**36,339**	35,830
		40,360	39,408

	2018	2017
	RMB'000	*RMB'000*
(c) Other items:		
Amortisation of lease prepayments	**398**	398
Impairment losses:		
— trade receivables (included in administrative expenses)	**—**	2,030
— prepayments and other receivables (including in administrative expense)	**—**	2,239
— goodwill	**1,277**	—
Depreciation for property, plant and equipment		
— owned assets	**157,674**	157,796
— assets held for own use under finance lease	**—**	91
Net foreign exchange losses/(gains)	**7,515**	(12,461)
Auditors' remuneration		
— audit services	**1,067**	973
Operating lease charges		
— minimum lease payments in respect of property rentals	**3,220**	4,225
— minimum lease payments in respect of rentals of motor vehicle	**1,205**	2,182
Loss/(gain) on disposal of property, plant and equipment	**1,619**	(20)
Share-based payment arising form the issue of convertible notes	**23,624**	—

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

	2018	2017
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**27,461**	34,359
Under-provision in respect of prior years	**1,050**	29
Withholding tax		
Provision for the year	**3,783**	4,298
Deferred tax		
Origination and reversal of temporary differences	**(6,965)**	(6,967)
	25,329	31,719

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong during the year (2017: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately RMB64,212,000 (2017: approximately RMB7,090,000).

The weighted average number of approximately 1,799,141,000 ordinary shares (2017: approximately 1,799,141,000 ordinary shares) are in issue during the year.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2018 and 2017 are equal to basic loss per share because (i) the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those share options are higher than the average market prices of the Company's shares during the year; and (ii) the impact of the convertible notes outstanding has an anti-dilutive effect on the basic loss per share amounts presented.

10. DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2018 (2017: Nil).

11. TRADE RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**222,806**	192,796
Less: allowance for doubtful debts	**(2,030)**	(2,030)
	220,776	190,766

Ageing analysis

Trade receivables are net of allowance for doubtful debts of approximately RMB2,030,000 (2017: approximately RMB2,030,000) with the following ageing analysis as of the end of the reporting period:

	2018	2017
	RMB'000	*RMB'000*
Within three months	**75,819**	100,698
More than three months but within one year	**79,124**	82,238
More than one year	**65,833**	7,830
	220,776	190,766

The Group's trade receivables are mainly wind power electricity sales receivable from local grid companies. Generally, the receivable are due within 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relative long time for settlement.

12. PREPAYMENTS AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Other receivables	**146,164**	71,588
Less: allowance for doubtful debts	**(8,265)**	(8,239)
	137,899	63,349
Loan receivables	**119,437**	124,053
Less: allowance for doubtful debts	**(9,000)**	(9,000)
	110,437	115,053
Amount due from an associate	**26,933**	24,771
Amount due from non-controlling interest	**2,498**	6,550
Loan and receivables	**277,767**	209,723
Deposit for loans	**22,220**	10,220
Prepayments and other deposits	**350,757**	167,488
	650,744	387,431
Less: Non-current portion of — Prepayments for acquisition of property, plant and equipment	**(301,711)**	(128,985)
Total current portion of prepayments and other receivables	**349,033**	258,446

13. TRADE AND OTHER PAYABLES

	2018 *RMB'000*	2017 *RMB'000*
Trade payables	**14,938**	25,980
Accrual and other payables	**77,860**	22,882
Interest payables	**8,456**	8,268
Payables on acquisition of property, plant and equipment	**12,031**	7,258
Payables on acquisition of subsidiary and joint venture	**29,784**	30,683
Other tax payables	**19,918**	20,027
Amount due to an associate	**943**	—
Amounts due to directors	**4,132**	507
Amounts due to non-controlling interest	**22,935**	4,552
	190,997	120,157

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	2018 *RMB'000*	2017 *RMB'000*
Within three months	**9,759**	6,293
More than three months but within one year	**705**	14,375
More than one year	**4,474**	5,312
	14,938	25,980

14. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2018 not provided for in the financial statements were as follows:

	2018 *RMB'000*	2017 *RMB'000*
Capital injection in subsidiaries		
— Contracted for	**950,469**	927,820
Capital injection in an associate		
— Contracted for	**42,212**	39,977
Acquisition of property, plant and equipment		
— Contracted for	**183,091**	205,891
	1,175,772	1,173,688

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**3,807**	1,818
After 1 year but within 5 years	**2,455**	—
	6,262	1,818

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to two years. None of the leases includes contingent rentals.

EXTRACTS OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2018 which has included an emphasis of matter paragraph for material uncertainty in relation to going concern, but without modification of opinion.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

The Group incurred a loss of approximately RMB37,258,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net current liabilities of approximately RMB273,559,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group is currently and principally engaged in wind farm operations during the year ended 31 December 2018.

Operating results for the years ended 31 December 2018 and 31 December 2017 were as follows:

	Year ended 31 December		Increase/	Approximate change in
	2018	2017	**(decrease)**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**361,184**	389,996	(28,812)	7
Gross profit	**143,811**	176,863	(33,052)	19
Profit from operations	**102,933**	176,071	(73,138)	42
(Loss)/profit before taxation	**(11,929)**	55,844	(67,773)	N/A
(Loss)/profit for the year	**(37,258)**	24,125	(61,383)	N/A
Attributable to:				
Equity shareholders of the Company	**(64,212)**	(7,090)	(57,122)	806
Non-controlling interests	**26,954**	31,215	(4,261)	14
(Loss)/profit for the year	**(37,258)**	24,125	(61,383)	N/A

		Year ended 31 December	
	Note	**2018**	2017 (Restated)
Net cash *(RMB'000)*	*1*	**(1,411,106)**	(1,252,236)
Net assets *(RMB'000)*	*2*	**878,519**	933,765
Liquidity ratio	*3*	**70%**	87%
Trade receivables turnover (number of days)	*4*	**208**	145
Trade payables turnover (number of days)	*5*	**34**	49
Earning interest multiple	*6*	**0.90**	1.46
Net debt to capital ratio	*7*	**161%**	134%

Notes:

1. Cash at bank and on hand – Borrowings

2. Total assets – Total liabilities

3. Current assets/Current liabilities x 100%

4. Average trade receivables/Revenue x 365 days

5. Average trade payables/Cost of sales x 365 days

6. Profit before interest and taxation/Finance cost

7. Net debt/Equity x 100%

Revenue

During the year ended 31 December 2018, the Group's revenue was mainly derived from the business of wind power generation. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province and Inner Mongolia, the People's Republic of China (the "**PRC**").

Revenue for the year ended 31 December 2018 was approximately RMB361,184,000, representing a decrease of approximately 7% in comparing with that of 2017 of approximately RMB389,996,000. The decrease was mainly due to the decrease in electricity sales of Hebei Hongsong Wind Power Co., Ltd. ("**Hongsong**").

Analysis of the Group's revenue for the two years ended 31 December 2018 and 31 December 2017 are set out below:

Revenue by business

	Year ended 31 December		Increase/	Approximate change in
	2018	2017	(decrease)	percentage
	RMB'000	*RMB'000*	*RMB'000*	*(%)*
Wind power generation	**361,184**	389,996	(28,812)	7

Cost of Sales

Cost of sales mainly included the cost of raw materials, staff costs, depreciation, repair and maintenance cost, water, electricity, gas and other ancillary materials. Cost of sales for the year ended 31 December 2018 accounted for approximately RMB217,373,000 (2017: approximately RMB213,133,000), which represented approximately 60% of the Group's revenue (2017: approximately 55%). The increase in the ratio was mainly due to the increase in repair and maintance expenses for the Reporting Period.

Gross Profit

Gross profit was approximately RMB143,811,000 for the year ended 31 December 2018 (2017: approximately RMB176,863,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin for the Reporting Period was approximately 40%, as compared to approximately 45% for the year of 2017. The decrease was mainly due to the decrease in electricity sales for the reason mentioned in the paragraph head "Revenue" above while Hongsong has maintained a relatively constant cost to sales ratio for the current year.

Other Revenue and Net Income

Other revenue and net income for the year ended 31 December 2018 was mainly comprised of (i) tax refund from the PRC government (2018: approximately RMB29,545,000; 2017: approximately RMB24,064,000); and (ii) rental income from operating leases (2018: approximately RMB2,227,000; 2017: approximately RMB2,474,000).

Administrative Expenses

Administrative expenses mainly included wages, salaries and welfare expenses, professional fees, rental expenses, entertainment expenses, travelling expenses, office expenses, other taxation expenses, share-based payment arising from the issue of Convertible Notes 2 (as defined below), exchange losses and allowance of doubtful debts for trade and other receivables. It increased by approximately 47% to approximately RMB82,760,000 for the year ended 31 December 2018 when compared with that of approximately RMB56,163,000 for the year ended 31 December 2017. The increase was due to net foreign exchange losses of approximately RMB7,515,000 being recorded for the Reporting Period while net foreign exchange gains of RMB12,461,000 were recorded as "Other Revenue and Net Income" for the year of 2017. Net foreign exchange losses/gains were mainly derived from depreciation/appreciation of Renminbi ("**RMB**") against Hong Kong Dollar ("**HKD**") for the years 2017 and 2018. The another reason of the increase was due to the share-based payment arising from issue of Convertible Notes 2 (2018: approximately RMB23,624,000; 2017: nil).

Finance Costs

Finance costs mainly referred to the interest expenses and the bank charges of the Group's borrowings including bank loans obtained, bonds and convertible notes issued by the Group. It amounted to approximately RMB120,434,000 for the Reporting Period, represented a slight decrease as compared to approximately RMB121,541,000 for the year of 2017. The decrease was mainly due to a decrease in interest expenses of bank loans as a result of the repayments of bank borrowings during the Reporting Period and a fall in convertible notes interest expenses because of a substantial modification of the terms of the convertible notes in December 2017 which leading to a fall in effective interests calculation.

Taxation

Taxation expenses decreased to approximately RMB25,329,000 for the year ended 31 December 2018 (2017: approximately RMB31,719,000). Such decrease was mainly derived from the decrease in taxable income of Hongsong.

Loss for the Reporting Period

Loss for the year ended 31 December 2018 was approximately RMB37,258,000 (2017: profit for the year of approximately RMB24,125,000). The significant drop was mainly due to (i) the decrease in electricity sales by Hongsong; (ii) an increase in cost of sales and administrative expenses; and (iii) share-based payment arising from issue of Convertible Notes 2.

Loss attributable to equity shareholders was approximately RMB64,212,000 (2017: approximately RMB7,090,000).

Net Current Liabilities

Net current liabilities of the Group as at 31 December 2018 increased to approximately RMB273,559,000 when compared with that of approximately RMB82,712,000 (restated) as at 31 December 2017. The increase was mainly due to the increase in current liabilities as a result of the maturity of Convertible Notes and Convertible Notes 2 (as defined below) in 2019 during the year ended 31 December 2018.

Liquidity and Financing

The cash and bank balances as at 31 December 2018 and 31 December 2017 amounted to approximately RMB62,491,000 (mainly denominated in RMB, United States dollar ("**USD**") and HKD, which is comprised of approximately RMB60,520,000, USD22,000 and HKD2,075,000), and approximately RMB104,495,000 respectively.

Total borrowings of the Group as at 31 December 2018 amounted to approximately RMB1,473,597,000, representing an increase by approximately RMB116,866,000 when compared with approximately RMB1,356,731,000 as at 31 December 2017. The increase in the total borrowings was mainly resulted from the addition of new borrowings during the Reporting Period.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other financings. The Group's gearing ratio increased to approximately 66% as at 31 December 2018 from approximately 62% as at 31 December 2017. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2018, all of the Group's borrowings were settled in RMB, USD and HKD and all of the Group's income was denominated in RMB. Interest bearing borrowings were approximately RMB1,473,597,000 as at 31 December 2018. Among the interest bearing borrowings of the Group, approximately RMB499,249,000 were fixed rate loans, while approximately RMB974,348,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2018 and up to the date of this announcement, as the Board considered that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuations and interest rate fluctuations in individual transactions.

Issuing of Corporate Bonds

In July and October 2018, the Company issued additional non-listing corporate bonds (the "**Bonds**") to investors in an aggregate principal amount of HKD15,000,000 at par value with maturity in 1 year to 6 years, and bearing fixed interest rate at 6% to 7% per annum.

All the net proceeds from the Bonds issued in the year of 2018 had been utlilised during the Reporting Period. As at 31 December 2018 and 31 December 2017, principal amount of approximately HKD181,236,000 and approximately HKD173,736,000 of the Bonds had been issued and had not been repaid, respectively. For details, please refer to the announcements of the Company dated 10 July 2014 and 28 April 2015.

Extension of Convertible Notes

On 26 May 2016, the Company entered into a placing agreement (the "**Placing Agreement**") with Get Nice Securities Limited (the "**Placing Agent**") pursuant to which the Placing Agent has conditionally agreed to procure the placee(s) on a best effort basis during the placing period to subscribe for the convertible notes (the "**Convertible Notes**") to be issued by the Company of up to an aggregate principal amount of HKD171,600,000 due 2017, with the conversion rights to convert the outstanding principal amount of the Convertible Notes into ordinary shares of the Company (the "**Share**") at an initial conversion price of HKD0.65 per conversion share.

Assuming full conversion of the Convertible Notes, a total of 264,000,000 shares of the Company would be allotted and issued, representing (i) approximately 14.67% of the issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 12.80% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Notes.

On 15 June 2016, the Convertible Notes in the aggregate principal amount of HKD171,600,000 were issued by the Company in accordance with the terms of the Placing Agreement. The net proceeds from the issue of Convertible Notes, after deducting the Placing Agent's commission and other related expenses payable by the Company, amounted to approximately HKD167,900,000.

The Company intended to apply the net proceeds from the issue of Convertible Notes as to (i) approximately 50% for the consideration of the possible acquisition, other possible acquisition(s) and investments of the Group, and to finance the Group's wind farm development and operation business; (ii) approximately 40% for the repayment of the outstanding loan borrowings of the Group; and (iii) approximately 10% as the Group's general working capital.

As at 31 December 2016, (i) approximately 50% of the net proceeds was used in settlement for investment of the Group and to finance the Group's wind farm development, including the prepayment and deposit for construction works; (ii) approximately 40% of the net proceeds was used in repaying the outstanding loan borrowings of the Group; and (iii) approximately 10% of the net proceeds was used in general working capital.

On 12 December 2017, the Company and all the holders of the Convertible Notes entered into a deed of amendment (the "**Amendment Deed**") to extend the maturity date of the Convertible Notes from 15 December 2017 to 15 June 2019. Save for the extension of the maturity date, all other terms and conditions of the Convertible Notes remained unchanged. The Amendment Deed has become unconditional on 15 December 2017 upon approval being received from The Stock Exchange of Hong Kong Limited.

Up to 31 December 2018, no conversion share has been allotted or issued from the conversion of the Convertible Notes.

Further details are set out in the announcements of the Company dated 26 May 2016, 15 June 2016, 12 December 2017 and 19 December 2017, respectively.

Equipment Purchase Agreements and Finance Lease Agreement

On 7 February 2018, Baotou City Yinfeng Huili New Energy Investment Limited ("**Baotou Yinfeng**"), an indirect wholly owned subsidiary of the Company, Hengqin Financial Investment Leasing Company Limited ("**Hengqin FI**"), Baotou Tianshun Wind Power Equipment Company Limited ("**Tianshun**") and Suzlon Energy (Tianjin) Limited ("**Suzlon Tianjin**") entered into the equipment purchase agreements (in supersede of the first equipment purchase agreements signed by Baotou Yinfeng with Tianshun and Suzlon Tianjin, respectively) , pursuant to which Hengqin FI agreed to purchase (i) 23 sets of SUZLON s88 wind power towers and 1 set of SUZLON s97 wind power tower from Tianshun at consideration of RMB23,282,000; and (ii) 17 sets of SUZLON s88 wind power generators from Suzlon Tianjin at an consideration of RMB136,375,394 (collectively referred to as the "**Wind Farm Equipment**"). On the same date, Baotou Yinfeng and Hengqin FI also entered into a finance lease agreement, pursuant to which Hengqin FI agreed to lease the Wind Farm Equipment to Baotou Yinfeng for a period of 60 months at a total lease payment of RMB154,960,017 of which RMB141,929,817 shall be paid in twenty instalments as for the first phrase and the remaining RMB13,030,200 shall be paid in another twenty instalments as for the second phrase.

Up to 31 December 2018, the Company has drawn down an aggregate amount of RMB117,236,800.

Further details are set out the announcements of the Company dated 13 April 2018 and 3 May 2018 respectively.

Finance Lease Arrangement

On 11 September 2018, Jiyin Financial Leasing Company Limited ("**Jiyin Leasing**") and Hongsong entered into a finance lease agreement and a asset transfer agreement ("**Finance Lease Arrangements**"), pursuant to which Jiyin Leasing agreed to purchase the wind power generators and the ancillaries of the Hongsong phase 6 wind power energy project undertaken at the Hebei Pui Feng wind power farm*(河北沛楓風電場)by Hongsong, at an aggregate consideration of RMB120,000,000, which shall be leased back to Hongsong for a term of 3 years at a total lease payment of approximately RMB132,291,681.

Further details of the Finance Lease Arrangements are set out of the announcement of the Company dated 11 September 2018.

* *for identification purpose only*

Issuing of Convertible Notes 2

On 24 April 2018, the Company entered into a placing agreement (the "**Placing Agreement 2**") with Golden Rich Securities Limited (the "**Placing Agent 2**"), an independent third party, pursuant to which the Placing Agent has conditionally agreed to procure the placee(s) on a best effort basis during the placing period to subscribe for the convertible notes to be issued by the Company of up to an aggregate principal amount of HKD174,115,000, with the conversion rights to convert the outstanding principal amount of the convertible notes into the Shares at an initial conversion price of HKD0.485 per conversion share (the "**Convertible Notes 2**").

Assuming full conversion of the Convertible Notes 2, a total of 359,000,000 shares of the Company would be allotted and issued, representing (i) approximately 19.95% of the existing issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 16.63% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Notes 2.

On 11 May 2018, the Convertible Notes 2 in the aggregate principal amount of HKD174,115,000 were issued by the Company in accordance with the terms of the Placing Agreement and the relevant supplemental deed entered into on 30 April 2018. The net proceeds generated from the issue of Convertible Notes 2, after deducting the Placing Agent's commission and other related expenses payable by the Company, amounted to approximately HKD172,293,000.

The Company intended to apply the net proceeds from the issue of Convertible Notes 2 as to (i) approximately 80% for the repayment of the outstanding loan borrowings of the Group; and (ii) approximately 20% as the Group's general working capital.

As at 31 December 2018, all the net proceeds from the Convertible Notes 2 had been utlilised in repaying the outstanding loan borrowing of the Group.

As at 31 December 2018, no conversion share has been allotted or issued from the conversion of the Convertible Notes 2.

Further details of the issuance of Convertible Notes are set out in the announcements of the Company dated 24 April 2018, 30 April 2018 and 11 May 2018 respectively.

Issue of Convertible Bonds

On 31 December 2018, the Company, Filled Converge Limited ("**Filled Converge**") and Well Foundation Company Limited entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and (i) Filled Converge conditionally agreed to subscribe for the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$294,183,000 and (ii) Well Foundation conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK$19,612,000. The Convertible Bonds are in aggregation in the amount of HK$313,795,000 due at 2021 and extendable to 2022 at an interest rate of 8 per cent per annum, with the conversion rights to convert the outstanding principal amount of the Convertible Bonds into the Shares at an initial conversion price of HK$0.485 per conversion share.

Assuming full conversion of the Convertible Bonds, a total of 647,000,000 new shares of the Company, being the conversion shares, would be allotted and issued, representing (i) approximately 35.96% of the issued share capital of the Company as at the date of the subscription agreement; and (ii) approximately 26.45% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Bonds.

The Company intended to apply the net proceeds from the issue of Convertible Bonds as to (i) approximately 39% for the repayment of bank loan(s); (ii) approximately 57% for the redemption of the existing convertible bonds; and (iii) approximately 4% for general working capital of the Group.

Further details of the issuance of Convertible Bonds are set out in the announcements of the Company dated 31 December 2018 and 1 February 2019, and the circular of the Company dated 30 January 2019.

Capital Raising

During the year ended 31 December 2018, save as disclosed in this announcement, the Group did not have any capital raising activity.

Material Acquisition and Disposal

There were no material acquisition and disposal of subsidiaries and associated companies by the Group for the year ended 31 December 2018.

Business Cooperation

On 25 July 2014, the Company entered into a non-legally binding cooperation agreement with China Create Financial Holding Group Co., Ltd. ("**China Create**") which shall remain in effect for 5 years in respect of development financing, aiming at integrating China Create's advantage in financing and the Group's advantage to build a comprehensive and in depth strategic comparative relationship.

The scope of the cooperation includes the following:

(i) Development, construction and operation of new-energy projects in China, the United States, Europe and Asia-Pacific region;

(ii) Acquisition and reorganisation of technologies, businesses and assets in relation to the business of new-energy; and

(iii) Cooperation in respect of financing consultation and financial products.

According to the business development planning and investment needs of the Company, from 2014 to 2019, the investment amount of parties in various financial products shall be RMB10 billion, subject to contracts or approved documents to be entered into between parties.

The Company has agreed that, with the same conditions offered, it shall give priority in using financial products and services of China Create, and that each investment, fund, guarantee or loan obtained by the Company from China Create shall be used for the purpose as designated under relevant contract or approved documents.

Details of the cooperation agreement are set out in the announcement of the Company dated 25 July 2014.

Up to the year ended 31 December 2018, no legal binding contract or approved document has been entered between the parties.

Pledge of Assets

As at 31 December 2018, the Group has pledged certain property, plant and equipment and certain leasehold land including in lease prepayments with a carrying value of approximately RMB877,271,000 (31 December 2017: approximately RMB1,035,188,000), and trade and other receivables with a carrying value of approximately RMB242,996,000 (31 December 2017: approximately RMB200,986,000) as security for the borrowings obtained by the Group. As at 31 December 2018 and 31 December 2017, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2018 and 31 December 2017, the Group had no material contingent liabilities.

Employees

As at 31 December 2018, the Group had approximately 140 full-time employees (2017: approximately 140 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2018, the relevant staff costs (including directors' remuneration) were approximately RMB40,360,000 (2017: approximately RMB39,408,000). The Group's remuneration and bonus packages were given based on performance of employees in accordance with the general standards of the Group's salary policies.

The Board adopted a share option scheme on 1 June 2015. During the year ended 31 December 2018, no share options were granted under the share option scheme.

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2018, the revenue from the wind farm operations amounted to approximately RMB361,184,000 (2017: approximately RMB389,996,000), representing a decrease of approximately 7% from that of 2017. The segment profit from the wind farm operations was approximately RMB107,576,000 (2017: approximately RMB136,087,000), representing a decrease of approximately 21% from that of 2017.

Hongsong's wind farm projects

The construction of the Phase 9 Project – The Yuanhui Project of Hongsong had been completed in December 2013. Hongsong currently has an installable capacity of 398.4 MW, and its wind farm operation made a steady and stable progress in 2018 which made a significant contribution to the Group's revenue from wind farm operations for the year ended 31 December 2018.

Baotou Yinfeng's wind farm projects

Baotou Yinfeng is a subsidiary of the Company, which possesses a wind farm in Baotou City of Inner Mongolia with the 49.8 MW of the Phase 1 Project. In October 2015, Baotou Yinfeng received the relevant project approval from Baotou City's NDRC for its Phase 1 Project. Baotou Yinfeng Phase 1 Project is currently under construction and is expected to contribute to the Group's future revenue from the operation of wind farms.

FUTURE PROSPECTS

To promote the development of wind power, the PRC government has introduced a number of policies. At the beginning of 2016, the National Energy Administration sought ideas for the "13th Five-year Development Plan of Renewable Energy (Consultation Paper) (《可再生能源「十三五」發展規劃(徵求意見稿)》)" and made the following guidance: non-fossil energy will account for 15% of total energy consumption by 2020 and will reach 20% by 2030, and new investments will amount to RMB2.3 trillion during the 13th Five-year Plan. Among them, it aims for hydropower development and utilisation of 380 GW, solar power generation of 160 GW, and wind power of 250 GW by the end of 2020. According to the planning objectives, it will achieve wind power development and utilisation of 250 GW by the end of 2020. Therefore, the compound annual growth rate of wind power installed capacity will reach 10% to 20% per annum in the next five years, with the average newly installed capacity of more than 20 GW each year. In accordance with the "Strategic Action Plan for Energy Development (2014-2020) (《能源發展戰略行動計劃(2014-2020年)》)", the weight of the non-fossil energy will reach 15% of non-renewable energy consumption by 2020. In order to achieve this goal, the National Energy Administration issued the "Guidance on the Establishment of Renewable Energy Development and Utilisation Objective Guidance System (《關於建立可再生能源開發利用目標引導制度的指導意見》)" on 3 March 2016, which clearly indicates that, except specialised non-fossil energy production enterprises, the proportion of power generation with non-hydropower renewable energy should reach more than 9% of the total electricity generation of the power generation enterprises by 2020, and formulated the weight target of renewable energy in the total energy consumption and the weight indicators of non-hydro renewable energy in the total electricity consumption for each of provinces and cities. There is still a gap between the weight of power generation with non-hydro renewable energy in total power generation and the minimum target for 2020 in vast majority of China's provinces and cities, especially in the central and eastern regions. The development of wind power plants has become an important option in the case of a saturated development of renewable energy in the western region leading to a growing development in the eastern and southern regions.

The adverse effects such as air pollution and global warming resulted from traditional coal-fired power generation have led to high degree of support and attention from the public for the development of renewable energy. As a renewable energy which has the highest level of commercialisation, there is no doubt that the wind power industry will gain further acclamation.

The PRC Government has provided support to the development of wind power industry in various aspects, and with initial success as exemplified in the increasing shares of wind power in total energy consumption in different regions. The development of wind power is of great significance in adjusting the country's energy structure. Given the serious problem of smog in the PRC, the development of clean energy has become an inevitable trend, in which wind power will serve as one of the most critical segments in the development of clean energy.

Looking ahead, the Group's wind farm operation business will experience a rapid growth. With the advantage of a secured development environment in general and the increased level of attention to wind power by the public, the Company is expected to have a bright development prospect.

In respect of the business growth of the Group in 2018, the Group will continue to focus its resources on the development and operation of wind farms and is determined to become one of the pillars of the renewable energy industry in northern China. The Group will speed up the development of renewable energy business by way of cooperative development and acquisitions. The Group will continue to identify and acquire mature power plants with promising development prospects, in order to strengthen the existing wind farm operation and maintenance business in northern China and gradually extend the business to the surrounding areas as well as enhance the interaction between other businesses, such as the possible acquisition of wind turbine manufacturing. The Group will consider other possible opportunities of mergers and acquisitions.

In the meantime, the Group will continue to develop the business of security trading in small scale, by setting up joint venture investment with other investors specialised in the industry, with an aim to leverage on the advantages of the shareholding companies' capabilities and expand the Group's income stream.

In the long-run, the Group will focus its effort on the development and optimisation of existing renewable energy resources. Paralleled to the expansion of wind farm's operational scale and the enhancement of efficiency, the Group will integrate the advantages of all cooperating parties and its own in order to explore more development opportunities and further consolidate the Group's position in the industry of renewable energy. During the course of business integration and resources integration, possible synergistic opportunities among different business segments will be explored for their expansions and growth in revenues and profits. The Group is committed to becoming a renewable energy supplier and integrated service provider with relatively strong competitiveness, establishing a stable and comprehensive foundation for the long term growth of the Group, creating more value for the society, and seeking higher returns for the Company's Shareholders and investors.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance in order to raise the quality of management and protect the interests of shareholders of the Company as a whole. To honor these commitments, the Group believes that good corporate governance reflects that a responsible enterprise must be credit worthy and transparent and abide by a high level of code of practice. Accordingly, the Company has adopted and applied corporate governance principles that emphasise a quality Board, effective internal controls, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

CORPORATE GOVERNANCE CODE

For the Reporting Period, the Company has adopted and complied with the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**Code**") in Appendix 14 to the Listing Rules, except for the deviations from Code Provisions as described below:

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Qu Weidong and Ms. Hu Xiaolin, both of which are the independent non-executive Directors, did not attend the general meeting held during the year ended 31 December 2018 because they were out of town for other businesses.

Under Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As at the date of this announcement, there has been no chairman of the Board (the "**Chairman**") in the Company. Mr. Zhang Zhixiang acted as the chief executive officer of the Company, and is responsible for all day-to-day corporate management matters. The Board does not have the intention to fill the position of the chairman at present and believes that the absence of the chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the Board. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of the chairman. Appointment will be made to fill the post to comply with Code Provision A.2.1 of the Code if necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries with all the Directors and all the Directors confirmed that they had complied with the practice as contained in the Model Code and the aforesaid code of conduct adopted by the Company for the year ended 31 December 2018.

Senior management and those staff who are more likely to be in possession of unpublished price-sensitive information, inside information or other relevant information in relation to the Group have adopted rules based on the Model Code. These senior management and staff have been individually notified and advised about the Model Code by the Company. No incident of non-compliance of the Model Code by relevant senior management members was noted by the Company during the year ended 31 December 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely, Mr. Jian Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, and Mr. Jian Senlin is the chairman of the Audit Committee. The annual results of the Company for the year ended 31 December 2018 and this announcement has been reviewed by the Audit Committee before being presented to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement has complied with the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD

Completion of the issue of the Convertible Bonds took place on 25 March 2019 after the relevant resolution was duly passed in the extraordinary general meeting held on 20 February 2019.

Further details of the issue of Convertible Bonds are set out in the announcements of the Company dated 31 December 2018, 20 February 2019 and 25 March 2019 and the circular of the Company dated 30 January 2019.

Save as disclosed in this announcement, there is no important event affecting the Group which has occurred since the end of the Reporting Period.

PUBLICATION OF 2018 ANNUAL REPORT

The 2018 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at http://www.c-ruifeng.com and the "HKExnews" website of the Stock Exchange at http://www.hkexnews.hk in due course.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary results announcement.

By Order of the Board
China Ruifeng Renewable Energy Holdings Limited
Zhang Zhixiang
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2019

As at the date of this announcement, the executive Directors are Mr. Zhang Zhixiang (Chief Executive Officer), Mr. Ning Zhongzhi, Mr. Li Tian Hai and Mr. Peng Ziwei; and the independent non-executive Directors are Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin.