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 ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (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 2022

	Notes	2022 RMB'000	2021 RMB'000
Revenue	3	**304,443**	352,407
Cost of sales		**(240,329)**	(239,637)
Gross profit		**64,114**	112,770
Interest income		**9,691**	13,577
Other income		**21,397**	21,767
Other gains, net		**16,402**	2,635
Administrative expenses		**(62,526)**	(71,559)
Provision for expected credit losses on other receivables		**(27,503)**	(234,171)
Impairment loss on property, plant and equipment		**(20,583)**	(40,657)
Operating profit/(loss)		**992**	(195,638)
Finance costs		**(156,469)**	(146,663)
Share of losses of associates		**(578)**	(148)
Share of loss of a joint venture		**—**	(154)
Loss before income tax		**(156,055)**	(342,603)
Income tax expense	5	**(5,965)**	(16,075)
Loss for the year		**(162,020)**	(358,678)
Loss for the year attributable to:			
— the owners of the Company		**(154,448)**	(368,557)
— non-controlling interests		**(7,572)**	9,879
		(162,020)	(358,678)
Loss per share attributable to the owners of the Company (in RMB)			
Basic	6	**(0.077)**	(0.186)
Diluted	6	**(0.078)**	(0.186)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
Loss for the year	**(162,020)**	(358,678)
Other comprehensive (loss)/income		
Item that may be reclassified to profit or loss:		
Exchange difference arising on translation of financial statements of foreign operations outside the People's Republic of China (the "**PRC**")	**(48,183)**	23,073
Item that may not be reclassified to profit or loss:		
Exchange difference arising on translation of financial statements of the Company	**11,497**	(6,477)
Change in fair value of financial assets at fair value through other comprehensive income	**6,302**	(1,676)
Other comprehensive (loss)/income for the year, net of tax	**(30,384)**	14,920
Total comprehensive loss for the year	**(192,404)**	(343,758)
Total comprehensive loss for the year attributable to:		
— the owners of the Company	**(186,662)**	(353,150)
— non-controlling interests	**(5,742)**	9,392
	(192,404)	(343,758)

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**878,931**	1,063,660
Right-of-use assets		**20,247**	25,382
Interests in associates		**2,036**	2,614
Financial assets at fair value through other comprehensive income		**12,791**	6,489
Financial assets at fair value through profit or loss		**4,260**	5,225
Prepayments and other receivables	*8*	**184,026**	168,499
		1,102,291	1,271,869
Current assets			
Inventories		**619**	680
Trade and other receivables	*8*	**482,135**	719,475
Financial assets at fair value through profit or loss		**2,327**	1,688
Cash and cash equivalents		**420,843**	243,295
		905,924	965,138
Total assets		**2,008,215**	2,237,007
EQUITY			
(Deficit)/equity attributable to the owners of the Company			
Share capital		**17,884**	17,286
Reserves		**(91,787)**	55,236
		(73,903)	72,522
Non-controlling interests		**189,060**	208,666
Total equity		**115,157**	281,188

	Notes	**2022**	2021
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**3,428**	894
Borrowings		**1,400,619**	1,120,916
Deferred income tax liabilities		**9,221**	14,090
Deferred income		**—**	607
		1,413,268	1,136,507
Current liabilities			
Trade and other payables	*9*	**151,366**	230,270
Borrowings		**322,451**	582,801
Lease liabilities		**3,703**	1,199
Current income tax liabilities		**2,270**	4,962
Deferred income		**—**	80
		479,790	819,312
Total liabilities		**1,893,058**	1,955,819
Total equity and liabilities		**2,008,215**	2,237,007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1 General information

The Company was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The Company's registered office is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 1002, 10/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. 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 Company and its subsidiaries are together referred to as the Group hereinafter.

The Company is an investment holding company of the Group. The Group are principally engaged in wind farm operations.

These consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual 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 requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, which is carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2022:

Annual Improvements Project	Annual Improvements 2018–2020 Cycle (amendments)
HKFRS 3, HKAS 16 and HKAS 37	Narrow-Scope Amendments (amendments)
HKFRS 16	Covid-19-Related Rent Concession beyond 2021 (amendments)
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 — Merger Accounting for Common Control Combinations

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	1 January 2023
HKAS 8	Definition of Accounting Estimates (amendments)	1 January 2023
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current (amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with Covenants (amendments)	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (amendments)	To be determined

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards, amendments and interpretations are not expected to have a material financial impact on the Group in the future reporting periods and on foreseeable future transactions. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements. The Group intends to adopt the above new standards, amendments to existing standards, interpretations and accounting guideline when they become effective.

3 Revenue

Revenue from contracts with customers within the scope of HKFRS 15, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Recognised at a point in time:		
— Sales of electricity	**220,602**	253,816
— Tariff adjustment	**78,268**	96,179
	298,870	349,995
Recognised over time:		
— Incineration of medical wastage	**5,573**	2,412
	304,443	352,407

Revenue mainly represents the wind power electricity sales to local grid company in the PRC for the years ended 31 December 2022 and 2021.

For sales of electricity, the Group generally entered into power purchase agreements with local grid company which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer.

Generally, the receivables are due within 30 days from the date of billing, except for the tariff adjustment. The collection of such tariff adjustment is subject to the allocation of funds by relevant government authorities to local grid company.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the state-owned local grid company for settlement to the wind power company.

Tariff adjustment is recognised as revenue and due from grid company in the PRC in accordance with the relevant power purchase agreements.

4 Segment information

The Group's chief operating decision maker, which has been identified as the Board of Directors, consider the segment from a business perspective and monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

During the year ended 31 December 2022, the Group had one (2021: one) reportable operating segment, which was using wind turbine blades to generate electricity power in the PRC. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Geographic Information

(a) Revenue from external customers

The Group's revenue from external customers by geographical area, which is determined by the country/region where the services were provided. The Group's revenue is all generated from the PRC.

(b) Non-current assets

The Group's non-current assets, other than other receivables, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, by geographic area are as follows:

	2022	2021
	RMB'000	*RMB'000*
Hong Kong	**2,410**	3,551
The PRC	**1,054,830**	1,230,804
	1,057,240	1,234,355

Key Customers

For the year ended 31 December 2022, there was one customer (2021: one) which individually contributed over 10% (2021: 10%) of the Group's total revenue, the revenue contributed from this customer was as follows:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**298,857**	349,993

5 Income tax expense

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 (2021: Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands (2021: Nil).

The applicable income tax rate to the Group's PRC subsidiaries is 25% in 2022 and 2021.

The Law of the PRC Enterprise Income Tax and the Implementation Regulations also impose a withholding tax at 5–10%, unless reduced by a tax treaty or agreement, for dividends distributed by a PRC resident enterprise to its immediate holding company outside the PRC for earnings accumulated beginning on 1 January 2008.

An analysis of the income tax expense is as follows:

	2022	2021
	RMB'000	*RMB'000*
PRC Corporate income tax		
Current year	**10,302**	20,249
Withholding tax	**679**	832
Deferred income tax	**(5,016)**	(5,006)
	5,965	16,075

6 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Loss attributable to the owners of the Company *(RMB'000)*	**(154,448)**	(368,557)
Weighted average number of ordinary shares in issue *(in thousands)*	**2,011,552**	1,979,141
Basic loss per share *(RMB)*	**(0.077)**	(0.186)

(b) Diluted loss per share

Diluted loss per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the year ended 31 December 2022, the Group has three (2021: three) categories of potential ordinary shares: convertible bonds, share options and warrants (2021: convertible bonds, share options and warrants).

The convertible bonds were assumed to have been converted into ordinary shares, and the net loss has been adjusted to eliminate the interest expenses and gain on redemption.

For the share options and warrants, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options/warrants.

	2022	2021
Loss attributable to the owners of the Company *(RMB'000)*	**(154,448)**	(368,557)
Adjustments for:		
Assumed conversion of certain convertible bonds (2021: nil)		
— Interest expenses	**1,286**	—
— Gain on redemption	**(4,601)**	—
Adjusted loss attributable to the owners of the Company used to determine the diluted loss per share	**(157,763)**	(368,557)
Weighted average number of ordinary shares in issue *(in thousands)*	**2,011,552**	1,979,141
Adjustments for:		
— Assumed conversion of certain convertible bonds (2021: nil)	**20,076**	—
Weighted average number of ordinary shares used to determine the diluted loss per share	**2,031,628**	1,979,141
Diluted loss per share *(RMB)*	**(0.078)**	(0.186)

Certain convertible bonds, share options and warrants (2021: all convertible bonds, share options and warrants) were not assumed to be exercised as they would have an anti-dilutive impact to the loss attributable to the owners of the Company for the years ended 31 December 2022. Accordingly, diluted loss per share for the years ended 31 December 2021 is same as that of basic loss per share.

7 Dividends

No dividend has been declared or paid by the Company for the year ended 31 December 2022 (2021: Nil).

8 Trade and other receivables

	2022	2021
	RMB'000	*RMB'000*
Trade receivables *(Note a)*	**138,863**	347,159
Less: provision for loss allowance	**(2,030)**	(2,030)
	136,833	345,129
Prepayments, deposits, and other receivables *(Note b)*	**529,328**	542,845
	666,161	887,974
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	**(156,026)**	(142,699)
— Deposit for other loans	**(28,000)**	(25,800)
	(184,026)	(168,499)
Current portion	**482,135**	719,475

The carrying amounts of the Group's trade and other receivables are denominated in RMB.

(a) Trade receivables

As at 31 December 2022, the Group has pledged certain of its trade receivables with carrying values of approximately RMB136,816,000 (2021: approximately RMB343,136,000) to secure its other loans (2021: other loans).

The Group's trade receivables are mainly sales of electricity receivable from local grid company. Generally, the receivables are due within 30 days from the date of billing, except for the tariff adjustment. The collection of such tariff adjustment is subject to the allocation of funds by relevant government authorities to local grid company, which therefore takes a relatively long time for settlement. The ageing analysis of the trade receivables based on invoice date is as follows:

	2022	2021
	RMB'000	*RMB'000*
Unbilled *(Note)*	**115,318**	295,695
Within three months	**21,498**	47,943
More than three months but within one year	**—**	1,455
More than one year	**17**	36
	136,833	345,129

Note: The amount represents the tariff adjustment receivables for the wind power plants operated by the Group.

The ageing analysis of the trade receivables based on revenue recognition date is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within three months	**41,707**	84,648
More than three months but within one year	**68,234**	73,431
More than one year	**26,892**	187,050
	136,833	345,129

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the allowance account is written off against trade receivables directly.

At 31 December 2022, trade receivables of the Group amounting to approximately RMB2,030,000 (2021: approximately RMB2,030,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 1 year as at 31 December 2022 and 2021 or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

(b) Prepayments, deposits, and other receivables

	2022 *RMB'000*	2021 *RMB'000*
Other receivables *(Note (i))*	**335,319**	362,268
Less: provision for loss allowance	**(186,967)**	(187,438)
	148,352	174,830
Loan receivables *(Note (ii))*	**236,557**	249,630
Less: provision for loss allowance	**(64,921)**	(77,431)
	171,636	172,199
Amount due from an associate	**29,187**	29,187
Less: provision for loss allowance	**(29,187)**	(29,187)
	—	—
Amount due from a non-controlling interest *(Note (iii))*	**9,923**	4,800
Less: provision for loss allowance	**—**	—
	9,923	4,800
Deposit for other loans *(Note (iv))*	**28,000**	25,800
Prepayments	**171,417**	165,216
Total	**529,328**	542,845
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	**(156,026)**	(142,699)
— Deposit for other loans	**(28,000)**	(25,800)
	(184,026)	(168,499)
Current portion	**345,302**	374,346

Notes:

(i) As at 31 December 2020, other receivables of approximately RMB114,373,000 were due from Suzlon. On 17 December 2015, the Group entered into the memorandum of understanding with a vendor, a company indirectly holding 75% equity interest in Suzlon, in connection with a possible acquisition of the abovementioned equity interest in Suzlon. The Group paid to the vendor a refundable deposit of US$6,500,000 (equivalent to approximately RMB42,100,000) (the "**Deposit**"), which the Deposit was subsequently transferred by the vendor to Suzlon in November 2018. On 7 February 2018, the Group and Suzlon entered into the equipment purchase agreement of certain machinery and equipment (the "**Equipment**") for the construction project of a wind farm in Baotou City of Inner Mongolia in the PRC. The Group has paid approximately RMB132,373,000 to Suzlon in previous years as consideration of the Equipment and Deposit. Suzlon was subsequently in financial difficulties and its production was suspended, thus Suzlon was unable to deliver the Equipment to the Group. Suzlon has not discharged its repayment obligation on the Deposit. The Group has continuously demanded repayment from Suzlon on the Equipment and Deposit but in vain. The Group has recorded loss on remeasurement of other receivables to fair value of approximately RMB18,000,000 for the year ended 31 December 2019.

During the year ended 31 December 2020, the Group commenced legal proceedings in the PRC against Suzlon for partial consideration paid. The PRC court had ruled that Suzlon should return a sum of approximately RMB35,950,000 to the Group for the failure to deliver the Equipment. No provision for expected credit losses on the remaining other receivables due from Suzlon of approximately RMB78,423,000 was made during the year ended 31 December 2020.

During the year ended 31 December 2021 and up to the date of this announcement, Suzlon didn't settle any of the outstanding balances. The Group has sought the legal advice from the external legal advisers on the recoverability of the balances due from Suzlon.

Having reviewed and discussed the matter with the external legal advisers, and based on the company and legal searches conducted by the Group's external legal advisers and their legal opinion, recovery efforts including the demand repayment made by the Group and the legal action taken by the Group and the management are of the view that any recovery of the carrying amounts of these balances due from Suzlon to be minimal. As a result, as at 31 December 2021, the carrying amounts of these receivables were written down to RMBNil on the consolidated statement of financial position such that the expected credit losses on these receivables of Suzlon of approximately RMB113,023,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2021.

(ii) As at 31 December 2022 and 2021, the loan receivables from independent third parties were unsecured, interest-bearing at rates ranging from 5%-18% (2021: 5%–18%) per annum and repayable within one year. Loan receivables from independent third parties with aggregate gross amounts of approximately RMB136,790,000 (2021: RMB155,590,000) were guaranteed by business partners of those independent third parties. Loan receivables from independent third parties with aggregate gross amounts of approximately RMB7,250,000 (2021: approximately RMB7,250,000) were guaranteed by the shareholder of the independent third parties. The remaining loan receivables from independent third parties were unguaranteed.

(iii) As at 31 December 2022 and 2021, the amount due from a non-controlling interest was unsecured, interest-free and repayable on demand.

(iv) As at 31 December 2022 and 2021, the Group has pledged certain of its deposits with carrying values of approximately RMB28,000,000 (2021: approximately RMB25,800,000) to secure its other loans.

The movement in provision for loss allowance on other receivables are as follows:

	2022	2021
	RMB'000	*RMB'000*
At beginning of the year	**294,056**	64,460
Provision for impairment	**27,503**	234,171
Write-off	**(41,487)**	(4,360)
Disposal of a subsidiary	**(2,475)**	—
Exchange realignment	**3,478**	(215)
At end of the year	**281,075**	294,056

9 Trade and other payables

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**19,243**	13,202
Interest payables	**34,547**	83,124
Other tax payables	**1,232**	8,025
Payables on acquisition of property, plant, and equipment	**12,059**	11,919
Payables on acquisition of a subsidiary *(Note (i))*	**14,007**	16,894
Amounts due to directors *(Note (ii))*	**9,442**	6,271
Amounts due to non-controlling interests *(Note (ii))*	**19,422**	12,513
Other payables and accruals	**41,414**	78,322
	151,366	230,270

Notes:

(i) As at 31 December 2022 and 2021, the balance mainly included the outstanding payable to the vendors for the acquisition of equity interest in Hebei Hongsong Renewable Energy Investment Co., Ltd.

(ii) As at 31 December 2022 and 2021, the amounts were unsecured, interest-free and repayable on demand.

The ageing analysis of the trade payables based on invoice date is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within three months	**18,867**	6,502
More than three months but within one year	**6**	4,093
More than one year	**370**	2,607
	19,243	13,202

The carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

	2022	2021
	RMB'000	*RMB'000*
RMB	**106,888**	134,588
HK$	**44,478**	95,682
	151,366	230,270

10 Commitments

As at 31 December 2022, capital commitments outstanding not provided for in the consolidated financial statements were as follows:

	2022	2021
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment		
— Contracted for	**43,802**	53,901

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2022, the revenue from the wind farm operations amounted to approximately RMB298,870,000 (2021: approximately RMB349,995,000), representing a decrease of approximately 15% from that of year ended 31 December 2021.

Hongsong's wind farm projects

The construction of the Phase 9 Project — The Yuanhui Project of Hongsong was completed in December 2013. Hongsong currently has an installed capacity of 398.4 MW, and its wind farm had a steady and stable operation in 2022 which made primarily contribution to the Group's revenue for the year ended 31 December 2022.

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 (the "**Phase 1 Project**"). In October 2015, Baotou Yinfeng received the relevant project approval from Baotou City's government for its Phase 1 Project. Baotou Yinfeng's Phase 1 Project is currently under construction and is expected to contribute to the Group's future revenue from the operation of wind farm.

OPERATING ENVIRONMENT

Overcoming the temporary economic slowdown brought by the COVID-19 pandemic in 2021, China's GDP has recorded an increase by 3.0% year on year for the year ended 31 December 2022, evidencing China's entering into the "new normal" mode of economic development. Compared to 2021, China's economy in 2022 was more stable with increasing positive changes and stabilising growth. China's GDP growth for the fourth quarter of 2022 increased by 2.9% year on year and the national economy showed positive signs of gradual recovery and growth after overcoming the impact of pandemic control measures.

There has been a steady growth in China's wind power industry in the recent years. According to the National Energy Administration of China, the newly installed on-grid wind power capacity in 2022 was 37.63 gigawatt ("**GW**"). The accumulative installed on-grid wind power capacity reached 370 GW. Wind power generation capacity for 2022 reached 686,700 GW, accounting for approximately 8.2% of all power generation output. The national average wind power utilisation hours were 2,221 hours. In 2022, China's total electricity consumption was 8.64 trillion kilowatt hours ("**kWh**"), an increase of 3.6% compared with 2021.

The focus of the PRC government in the development of renewable energy is to promote the use of wind power and clean energies by implementing various measures and policies, providing the Company tremendous opportunities in the development of its wind farm business, the core operating business of the Company. It appears that the PRC government will continue to support the development of wind power industry with full commitment. This will lay a solid foundation for the development of the Company by way of the unique policy advantages and favorable development environment, and it is expected that the wind power industry will head towards a new stage of development, whilst the Company will benefit from this development.

MAJOR RISKS AND UNCERTAINTIES

(1) Risks of wind turbine equipment utilisation hours fluctuation

The average number of utilisation hours of power generation equipment are influenced by the electricity supply and demand, and therefore fluctuate accordingly. The total wind power generated by the Company's Hongsong Wind Farm in Hebei Province for the years ended 2022 and 2021 were 663.38 gigawatt hours ("**GWh**") and 777.54 GWh, respectively. Should the economic growth rate slackened, there are risks in fluctuations of the average utilisation hours of the Company's wind turbine equipment in the future, and these will impact the Company's profitability.

(2) Risks of wind power pricing fluctuation

In December 2016, the National Development and Reform Commission of China (the "**NDRC**") issued the "Notice on Adjustments to Benchmark On-grid Tariffs for Photovoltaic Power and Onshore Wind Power" (《關於調整光伏發電陸上風電標杆上網電價的通知》) to promote healthy and orderly development of the photovoltaic ("**PV**") power and wind power industry and decided to adjust the new energy benchmark on-grid tariff policy pursuant to the "Renewable Energy Law (《可再生能源法》)". In May 2019, the NDRC issued the "Notice on Improving Wind Power On-Grid Tariff Policy" (《關於完善風電上網電價政策的通知》), requiring that all newly approved onshore wind power projects shall fully achieve grid parity from 1 January 2021 and will no longer be subsidized by the PRC government. In January 2020 and October 2020, the Ministry of Finance, the NDRC and the National Energy Administration of China issued the "Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation" (《關於促進非水可再生能源發電健康發展的若干意見》) and its Supplementary Circular (《關於<關於促進非水可再生能源發電健康發展的若干意見>有關事項的補充通知》), setting out the settlement rules for the additional subsidy funds for renewable energy electricity prices. Through technological advancement and market competition, efforts will be made to further significantly reduce the cost of wind power development, and gradually reduce its dependence on subsidies. It is anticipated that wind power prices will continue to fall, and this may have an impact on the Company's profitability.

(3) Risks arising from interest rate fluctuations

The Company's renewable energy business is capital intensive, and electricity project constructions are characterised as large-scale investments with lengthy return on investment periods. The Company has launched many new projects in recent years, and some of the investment capital other than those for special projects were mainly secured through loans and other methods. The Company's financial costs will be influenced by possible interest rate fluctuations arising from changes in macro-political and economic environment, both domestically and internationally, as well as from changes in China's economic policies.

FUTURE PROSPECTS

To promote its goals of achieving peak carbon emissions and carbon neutrality, China will gradually promulgate plans for key areas and industries to peak carbon emissions and implement a series of supporting measures to construct a "1+N" policy framework for carbon peak and carbon neutrality. China will firmly implement its new concept of green development, promote resource conservation and recycling in all aspects, continue to adjust industrial and energy structures, and vigorously develop renewable energy sources by accelerating the construction of large-scale wind and PV grid projects in Gobi and other desert areas.

On 1 June 2022, nine PRC authorities including the NDRC and the National Energy Administration jointly issued the "14th Five-Year Plan for Renewable Energy Development" (《"十四五" 可再生能源發展規劃 》) which sets out the goals for development and utilization of renewable energy. During the second year of the 14th Five-year Plan, China has been steadily developing its wind and solar power industries. Its offshore and decentralised wind power projects and domestic PV projects garnered attention. The grid-connected installed capacities of its wind and PV power were 37.63 GW and 87.41 GW, respectively. Offshore wind power capacity increased by 5.16 GW, and the accumulated installed capacity reached 30.51 GW, thereby allowing China to be the largest wind power generator in the world. Abandoned wind and PV power rates remained stable during 2022, with consumption rates amounting to 96.8% and 98.2%, respectively. Under its "dual carbon" goals, China has entered into a new era in relation to its wind and solar energy. National policies will continue to be optimised and adjusted to solve restrictive factors such as the assessment mechanism, consumption conditions, and industry-finance integration, in order to create a standardised market environment, delegate administrative powers and improve government services, give a full play to the dynamics of local governments and market entities, and bring new momentum to the wind and solar power industries.

With technological advancement, wind energy price decreases because of equipment manufacturers' ability to build larger and lighter wind turbine products. On the other hand, as a result of the Chinese government's increasing investment in smart grids and ultra-high-voltage electrical transmission cables, abandoned wind rates and power rationing hours have been decreasing every year, while utilisation hours for wind power have been increasing. At present, wind power has achieved grid parity, and its economic benefits have become increasingly prominent.

In the future, the Group will continue to consolidate its resources on the development and operation of various renewable energy systems such as wind farms, with the aim of becoming one of the pillar companies in the renewable energy industry in northern China. Through joint development and acquisitions, the Group will continue seeking opportunities to develop its renewable energy business in new and clean energy areas other than wind power. Moreover, the Group will continue looking for and acquiring power stations with good development prospects and established operations to strengthen its existing business of operating and maintaining wind farms in northern China, gradually expanding its business coverage to surrounding areas, and increasing its interaction with other business sectors. At the same time, the Group is actively seeking opportunities to expand its business scope to hydrogen-related businesses including the production of hydrogen vehicles, wind power to hydrogen generation, hydrogen storage, and building and operation of a hydrogen fuel station. It is believed that such expansion is in line with the climate commitments of the Central Government of the PRC to achieve peak carbon emissions before 2030 and carbon neutrality by 2060. The Group will primarily raise fund in the capital market to achieve future development projects.

In the long-run, the Group will focus its effort on the development and optimisation of existing renewable energy resources. In parallel 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 itself in order to explore more development opportunities in other new areas of clean energy 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 business 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 long-term growth of the Group, creating more value for the society, and seeking higher returns for the shareholders ("**Shareholders**") and investors of the Company.

FINANCIAL REVIEW

The Group is principally engaged in wind farm operations during the Reporting Period. Operating results for the years ended 31 December 2022 and 31 December 2021 are as follows:

	Year ended 31 December		**Increase/**	**Approximate change in**
	2022	2021	**(decrease)**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**304,443**	352,407	(47,964)	(14)
Gross profit	**64,114**	112,770	(48,656)	(43)
Operating profit/(loss)	**992**	(195,638)	196,630	101
Loss before income tax	**(156,055)**	(342,603)	(186,548)	(55)
Loss for the year	**(162,020)**	(358,678)	(196,658)	(55)
Attributable to:				
The owners of the Company	**(154,448)**	(368,557)	(214,109)	(58)
Non-controlling interests	**(7,572)**	9,879	(17,451)	(177)
Loss for the year	**(162,020)**	(358,678)	(196,658)	(55)

		Year ended 31 December	
	Notes	**2022**	2021
Net debt *(RMB'000)*	*1*	**(1,302,227)**	(1,460,422)
Net assets *(RMB'000)*	*2*	**115,157**	281,188
Liquidity ratio	*3*	**189%**	118%
Trade receivables turnover (number of days)	*4*	**289**	322
Trade payables turnover (number of days)	*5*	**25**	12
Earning interest multiple	*6*	**0.003**	(1.34)
Net debt to capital ratio	*7*	**1,131%**	519%

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/(loss) before interest and taxation/Finance cost

7. Net debt/Equity x 100%

Revenue

During the Reporting Period, the Group's revenue was derived from the business of wind power generation and incineration of medical wastage. 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 PRC.

Revenue for the year ended 31 December 2022 was approximately RMB304,443,000, representing a decrease of approximately 14% compared to approximately RMB352,407,000 for the year ended 31 December 2021.

Analysis of the Group's revenue for the years ended 31 December 2022 and 31 December 2021 are set out below:

	2022	2021	**Increase/ (decrease)**	**Approximate change in percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Sales of electricity	**220,602**	253,816	(33,214)	(13)
Tariff adjustment	**78,268**	96,179	(17,911)	(19)
Incineration of medical wastage	**5,573**	2,412	3,161	131
Total	**304,443**	352,407	(47,964)	(14)

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 2022 accounted for approximately RMB240,329,000 (2021: approximately RMB239,637,000), which represented approximately 79% of the Group's revenue (2021: approximately 68%).

Gross Profit

Gross profit was approximately RMB64,114,000 for the year ended 31 December 2022 (2021: approximately RMB112,770,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin for the year ended 31 December 2022 was approximately 21%, as compared to approximately 32% for the year 31 December 2021.

Other Income and Other Gains, net

Other income and other gains, net for the year ended 31 December 2022 were mainly comprised of (i) refund of value-added tax from the PRC government amounted to approximately RMB17,177,000 (2021: approximately RMB19,373,000); (ii) rental income from operating leases amounted to approximately RMB2,306,000 (2021: approximately RMB2,301,000); (iii) waiver of interest payables of other loans amounted to approximately RMB7,899,000 (2021: RMB2,517,000); (iv) gain on redemption of the Convertible Bonds amounted to approximately RMB4,601,000 (2021: Nil) and (v) gain on disposal of a subsidiary amounted to approximately RMB3,677,000 (2021: Nil).

Administrative Expenses

Administrative expenses mainly included salaries and welfare expenses, professional fees, rental expenses, depreciation expenses, office expenses and other taxation expenses. It decreased by approximately 13% to approximately RMB62,526,000 for the year ended 31 December 2022 as compared with that of approximately RMB71,559,000 for the year ended 31 December 2021.

The decrease was mainly due to the absence of share-based payments arising from the issuance of share options and share warrants (2021: RMB10,300,000 and RMB8,565,000 respectively).

Provision for Expected Credit Losses on Other Receivables

Provision for expected credit losses on other receivables amounted to approximately RMB27,503,000 were recognised for the year ended 31 December 2022 (2021: approximately RMB234,171,000). The Group performs impairment assessment under expected credit loss model on other receivables individually. Based on the assessment, the recoverability of certain other receivables was remote and provision of expected credit losses was recognised.

Finance Costs

Finance costs mainly referred to the interest expenses of the Group's borrowings including bank loans and other loans obtained and Corporate Bonds, Notes, Convertible Bonds and New Convertible Bonds (as defined below) issued by the Company amounted to approximately RMB156,469,000 for the year ended 31 December 2022 (2021: approximately RMB146,663,000). The slight increase was mainly due to increase in interest expenses of other loans incurred during the Reporting Period.

Taxation

Taxation expenses decreased to approximately RMB5,965,000 for the year ended 31 December 2022 (2021: approximately RMB16,075,000). Such decrease was mainly derived from the decrease in taxable profits of Hongsong.

Loss for the Year

Loss for the year ended 31 December 2022 was approximately RMB162,020,000 (2021: approximately RMB358,678,000). The significant decrease in loss for the year was mainly due to the decrease in provision for expected credit losses on other receivables incurred for the year ended 31 December 2022 of approximately RMB27,503,000 (2021: RMB234,171,000).

Loss attributable to the owners of the Company was approximately RMB154,448,000 (2021: approximately RMB368,557,000).

Net Current Assets

Net current assets as at 31 December 2022 were approximately RMB426,134,000 (2021: approximately RMB145,826,000). Increase in net current assets position as at 31 December 2022 was mainly due to the issuance of the New Convertible Bonds due in 2025 which is classified as non-current liabilities to settle the Convertible Bonds payable to Filled Converge Limited.

Liquidity and Financing

The cash and bank balances as at 31 December 2022 and 31 December 2021 amounted to approximately RMB420,843,000 (mainly denominated in RMB and Hong Kong dollar ("**HK$**") which is comprised of approximately RMB416,671,000 and HK$4,679,000), and approximately RMB243,295,000 (mainly denominated in RMB and HK$ which is comprised of approximately RMB222,751,000 and HK$25,143,000) respectively.

Total borrowings as at 31 December 2022 amounted to approximately RMB1,723,070,000, representing an increase by approximately RMB19,353,000 when compared with approximately RMB1,703,717,000 as at 31 December 2021.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other external financings. The Group's gearing ratio increased to approximately 94% as at 31 December 2022 from approximately 87% as at 31 December 2021. The ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2022, all of the Group's borrowings were settled in RMB and HK$ and all of the Group's income was denominated in RMB. Interest-bearing borrowings were approximately RMB1,723,070,000 as at 31 December 2022. Among the interest-bearing borrowings of the Group, approximately RMB559,559,000 were fixed-rate loans, while approximately RMB1,163,511,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2022 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.

Issuance of Corporate Bonds

During the year ended 31 December 2022, the Company did not issue additional non-listing corporate bonds (the "**Corporate Bonds**") to investors, and principal amount of HK$24,825,000 in total were matured and redeemed (for the year ended 31 December 2021: the Company did not issue additional Corporate Bonds; and principal amount of HK$100,000 in total were matured and redeemed).

As at 31 December 2022 and 31 December 2021, the principal amount of approximately HK$151,311,000 and HK$176,136,000 of the Corporate Bonds had been issued and had not been repaid respectively. For more details, please refer to the announcements of the Company dated 10 July 2014 and 28 April 2015.

Extension of Notes (previously known as 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 to be issued by the Company of up to an aggregate principal amount of HK$171,600,000 due 2017, with the conversion rights to convert the outstanding principal amount of the convertible notes into ordinary shares of the Company at an initial conversion price of HK$0.65 per conversion share (the "**Convertible Notes**").

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 HK$171,600,000 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 HK$167,900,000.

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 (the "**Stock Exchange**").

On 22 August 2019, the Company and all the holders of the Convertible Notes entered into second deed of amendment (the "**Second Amendment Deed**") to (i) further extend the maturity date (as extended by the Amendment Deed) from 15 June 2019 to 15 December 2019; (ii) amend the interest rate of the Convertible Notes from 8% per annum to 10% per annum with effect from 15 June 2019; and (iii) require the Company to pay on the date of the Second Amendment Deed interest accrued and to be accrued from (and including) 15 June 2019 to (but excluding) 15 December 2019. Save for the aforesaid, all other terms and conditions of the Convertible Notes remain unchanged. The noteholders have irrevocably and unconditionally agreed and undertaken to waive any and all events of default that may have arisen on or prior to the date of the Second Amendment Deed. The Second Amendment Deed has become unconditional on 23 August 2019 upon approval being received from the Stock Exchange.

On 10 February 2020, the Company and all the noteholders entered into third deeds of amendment (the “**Third Amendment Deeds**”) to (i) remove the mechanism under which the noteholders are entitled to convert the outstanding principal amount of the Convertible Notes into conversion shares; (ii) further extend the maturity date (as extended by the Second Amendment Deed) from 15 December 2019 to 15 May 2020; (iii) amend the interest rate of the Convertible Notes from 10% per annum to 12% per annum with effect from 15 December 2019; and (iv) require the Company to pay in advance interest accrued and to be accrued from (and including) 15 December 2019 to (but excluding) 15 May 2020. Save for the aforesaid, all other terms and conditions of the Convertible Notes remain unchanged. The noteholders have irrevocably and unconditionally agreed and undertaken to waive any and all events of default that may have arisen on or prior to the date of the Third Amendment Deeds. The Third Amendment Deeds has become unconditional on 12 February 2020 upon approval being received from the Stock Exchange. Convertible Notes have since then been reclassified as notes (the “**Notes**”).

During the year ended 31 December 2022, the Notes with principal amount of HK$13,542,000 has been repaid (2021: Notes with principal amount of HK$82,507,000 has been repaid). The Company is currently in negotiation with all the noteholders regarding the possible extension of maturity date and amendment to the other terms and conditions of the remaining balances of the Notes.

As at 31 December 2022 and 31 December 2021, the principal amount of approximately HK$64,751,000 and HK$78,293,000 of the Notes had been issued and had not been repaid respectively.

Further details are set out in the announcements of the Company dated 26 May 2016, 15 June 2016, 12 December 2017, 19 December 2017, 22 August 2019, 23 August 2019, 10 February 2020 and 12 February 2020.

Issuance of Convertible Bonds

On 31 December 2018, the Company, Filled Converge Limited (“**Filled Converge**”) and Well Foundation Company Limited (“**Well Foundation**”) entered into a subscription agreement (the “**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 the aggregate amount of HK$313,795,000 due in 2021 and extendable to 2022 at an interest rate of 8% 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 at the date of the Subscription Agreement as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Bonds.

With effect from 3 January 2020, the conversion price of the Convertible Bonds was adjusted from HK$0.485 per conversion share to HK$0.475 per conversion share, subsequent to the completion of placing of new shares on 3 January 2020. The Convertible Bonds entitled the holders to convert into 660,621,052 conversion shares after the adjustment to conversion price.

On 10 September 2020, the Company and the holders of the Convertible Bonds entered into the supplemental deeds regarding proposed amendments to the terms and conditions of the Subscription Agreement, including (i) amend the interest rates of the Convertible Bonds from 8% per annum to 10% per annum with effect when all the conditions precedent to the supplemental deeds are fulfilled/waived; (ii) the conversion price shall be adjusted from HK$0.475 to HK$0.27 per conversion share; and (iii) insertion of new clause in relation to the mechanism of a deposit of RMB300 million (the "**Supplemental Deeds**"). The proposed amendments shall be approved by the Stock Exchange and also the approval from the Shareholders shall be obtained at the extraordinary general meeting. The Supplemental Deeds were lapsed on 15 December 2020 as the conditions precedent could not be fulfilled/waived.

On 29 January 2021, the Company and the holders of the Convertible Bonds entered into the supplemental agreements regarding proposed amendments to the terms and conditions of the Subscription Agreement, including (i) amend the interest rates of the Convertible Bonds from 8% per annum to 10% per annum with effect when all the conditions precedent to the supplemental agreements are fulfilled/waived; (ii) the conversion price shall be adjusted from HK$0.475 to HK$0.190 per conversion share; (iii) insertion of new clause in relation to the mechanism of a deposit of RMB300 million and (iv) the conditions subsequent to the Subscription Agreement shall be deleted in its entirely and no share charge or equity pledge exists (the "**Supplemental Agreements**"). The proposed amendments shall be approved by the Stock Exchange and also the approval from the Shareholders shall be obtained at the extraordinary general meeting.

On 24 March 2021, the Company and the holders of the Convertible Bonds entered into the extension agreements regarding i) to extend the maturity date of the Convertible Bonds for one year from 25 March 2021 to 25 March 2022; and ii) extend the long stop date of the Supplemental Agreements to 24 April 2021, with all the terms and conditions of the Convertible Bonds and Supplemental Agreements remain unchanged. The proposed amendments to the maturity date of the Convertible Bonds shall be approved by the Stock

Exchange and also the approval from the Shareholders shall be obtained at the extraordinary general meeting. The Supplemental Agreements were lapsed on 24 April 2021 as the conditions precedent could not be fulfilled/waived. The Convertible Bonds were therefore matured on 25 March 2021.

The Company and the holders of the Convertible Bonds were unable to reach a new amendment agreement on the terms of the Convertible Bonds as disclosed in the announcement dated 28 January 2022.

The Convertible Bonds in the principal amount of HK$294,183,000 and outstanding interests payable to Filled Converge were fully settled through the issuance of New Convertible Bonds with the principal amount of HK$356,375,000 to Filled Converge, which was completed on 28 April 2022. Further details are set out in the section headed "Issuance of New Convertible Bonds" in this announcement.

On 30 June 2022, the Company entered into a deed of settlement with Well Foundation. The Convertible Bonds in the principal amount of HK$19,612,000 and outstanding interests payable to Well Foundation were fully settled in the sum of HK$10,000,000 by cash and by issue of 70,000,000 settlement shares at the issue price of HK$0.255 per ordinary share to Well Foundation. The allotment of settlement shares was completed on 15 July 2022 and the Company fully settled all outstanding amounts payable to Well Foundation on 9 August 2022. Further details are set out in the section headed "Capital Raising" in this announcement and also in the announcements of the Company dated 30 June 2022, 15 July 2022 and 9 August 2022.

None of the rights attached to the Convertible Bonds has been exercised and no conversion shares has been allotted or issued from the conversion of the Convertible Bonds during the year ended 31 December 2022.

Further details of the issuance of Convertible Bonds and proposed amendments to the terms and conditions of the Subscription Agreement of the Convertible Bonds are set out in the announcements of the Company dated 31 December 2018, 1 February 2019, 20 February 2019, 25 March 2019, 20 June 2019, 30 March 2020, 10 September 2020, 15 October 2020, 30 October 2020, 13 November 2020, 27 November 2020, 11 December 2020, 31 December 2020, 15 January 2021, 29 January 2021, 22 February 2021, 19 March 2021, 24 March 2021, 26 April 2021, 31 May 2021, 29 June 2021, 30 July 2021, 31 August 2021, 30 September 2021, 29 October 2021, 30 November 2021, 31 December 2021, and 28 January 2022 and the circular of the Company dated 30 January 2019.

Issuance of New Convertible Bonds

On 28 January 2022, the Company entered into a subscription agreement (the "**New Subscription Agreement**") with one of the holders of the Convertible Bonds, Filled Converge, in respect of subscription of convertible bonds in the principal amount of HK$356,375,000 due 2025 (the "**New Convertible Bonds**"). Pursuant to the New Subscription Agreement, the Company conditionally agreed to issue and Filled Converge conditionally agreed to subscribe for the New Convertible Bonds in the principal amount of HK$356,375,000.

The principal amount of HK$294,183,000 and outstanding interests payable by the Company to Filled Converge under the Convertible Bonds were fully settled through the New Convertible Bonds issued by the Company to Filled Converge. The remaining amount of proceeds from the subscription of the New Convertible Bonds (i.e. approximately HK$4,000) were used to partially settle the professional fees incurred by the Company. The New Convertible Bonds will be due in 2025 at an interest rate of 10% per annum, with the conversion rights to convert the outstanding principal amount of the New Convertible Bonds into the Company's ordinary shares at an initial conversion price of HK$0.18 per conversion share.

Assuming full conversion of the New Convertible Bonds, a total of 1,979,861,111 new shares of the Company, being the conversion shares, would be allotted and issued, representing (i) approximately 100.04% of the issued share capital of the Company as at the date of the New Subscription Agreement; and (ii) approximately 50.01% of the issued share capital of the Company as at the date of the New Subscription Agreement as enlarged by the allotment and issue of the conversion shares upon full conversion of the New Convertible Bonds.

The issuance of the New Convertible Bonds was approved by the Shareholders at the extraordinary general meeting held on 19 April 2022 and approved by the Stock Exchange on 22 April 2022. The issuance of the New Convertible Bonds was completed on 28 April 2022.

None of the rights attached to the New Convertible Bonds has been exercised and no conversion shares has been allotted or issued from the conversion of the New Convertible Bonds during the year ended 31 December 2022.

Further details of the issuance of the New Convertible Bonds are set out in the announcements of the Company dated 28 January 2022, 11 March 2022, 17 March 2022, 19 April 2022, 20 April 2022 and 28 April 2022 and the circular of the Company dated 29 March 2022.

Issuance of 2023 Convertible Bonds

On 20 December 2022, the Company and three individual subscribers entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and (i) Mr. Xu Yingjie conditionally agreed to subscribe for the convertible bonds (the "**2023 Convertible Bonds**") in the principal amount of HK$9,769,920; (ii) Mr. Cao Zhiwei conditionally agreed to subscribe for the 2023 Convertible Bonds in the principal amount of HK$4,884,880 and (iii) Ms. Chen Li conditionally agreed to subscribe for the 2023 Convertible Bonds in the principal amount of HK$4,885,200. The 2023 Convertible Bonds are in the aggregate principal amount of HK$19,540,000 due in 2026 at an interest rate of 7% per annum, with the conversion rights to convert the principal amount of the 2023 Convertible Bonds into shares at an initial conversion price of HK$0.06 per conversion share. The conversion shares under the 2023 Convertible Bonds will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2022.

Assuming full conversion of the 2023 Convertible Bonds, a total of 325,666,666 new shares of the Company, being the conversion shares, would be allotted and issued, representing (i) approximately 15.89% of the issued share capital of the Company as at the date of the subscription agreement; and (ii) approximately 13.71% of the issued share capital of the Company as at the date of the subscription agreement as enlarged by the allotment of issue of the conversion shares upon full conversion of the 2023 Convertible Bonds.

The net proceeds from the issuance of 2023 Convertible Bonds are estimated to be approximately HK$19,400,000, which is intended to be used as to (i) approximately HK$6,000,000 for general working capital of the Group; and (ii) the remaining amount of approximately HK$13,400,000 for the repayment of the Group's loans.

The issuance of the 2023 Convertible Bonds was completed on 6 February 2023 and the aggregate principal amount of HK$19,540,000 were issued to Mr. Xu Yingjie, who is the sole subscriber of the 2023 Convertible Bonds. The approval for the listing of, and permission to deal in, the conversion shares upon the exercise of the 2023 Convertible Bonds has been granted by the Stock Exchange.

Further details of the issuance of the 2023 Convertible Bonds are set out in the announcements of the Company dated 20 December 2022 and 6 February 2023.

Capital Raising

On 30 June 2022, the Company entered into a deed of settlement with Well Foundation, one of the holders of the Convertible Bonds, pursuant to which the Company has agreed to redeem the Convertible Bonds in the principal amount of HK$19,612,000 and outstanding interests payable to Well Foundation by cash in the sum of HK$10,000,000 and by issue of 70,000,000 settlement shares at the issue price of HK$0.255 per settlement share to Well Foundation.

Assuming that there will be no change in the issued share capital of the Company between the date of the deed of settlement and the completion of the deed of settlement, a total of 70,000,000 settlement shares would be allotted and issued, representing (i) approximately 3.54% of the issued share capital of the Company as at the date of the deed of settlement; and (ii) approximately 3.42% of the issued share capital of the Company as at the date of deed of settlement as enlarged by the allotment and issue of the settlement shares.

The 70,000,0000 settlement shares were allotted and issued at the issue price of HK$0.255 per settlement share on 15 July 2022. The aggregate issue price of HK$17,850,000 was used to partially settle the outstanding amount payable to Well Foundation.

Further details of the deed of settlement and issuance of settlement shares are set out in the announcements of the Company dated 30 June 2022, 15 July 2022 and 9 August 2022.

Save as disclosed in this announcement, the Group did not have other capital raising activity during the year ended 31 December 2022.

Share Option Scheme

On 29 January 2021, 179,900,000 share options were granted by the Company at the exercise price of HK$0.18 per share. Further details are set out in the announcement of the Company dated 29 January 2021.

Material Acquisition and Disposal

Disposal of 100% equity interests of Chengde Jiaheng Medical Waste Disposal Co., Ltd. * (承德嘉恒醫療廢棄物處置有限公司) ("Chengde Jiaheng")

Chengde Jiaheng is principally engaged in incineration of medical wastage.

On 14 March 2022, Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd.* (承德瑞風新能源風電設備有限公司) ("**Chengde Ruifeng**"), a wholly-owned subsidiary of the Company, as the vendor entered into first sale and purchase agreement with Chengde Chuyuyuan Husbandry Co., Ltd.* (承德儲榆源畜牧有限公司) ("**Chengde Chuyuyuan**") as the purchaser, pursuant to which the vendor conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the sale shares representing 49% equity interests in Chengde Jiaheng, at a cash consideration of RMB7,252,000 upon the terms and conditions set out in the first sale and purchase agreement. The disposal was completed on 17 March 2022.

On 1 September 2022, Chengde Ruifeng, as the vendor entered into the second sale and purchase agreement with Chengde Chuyuyuan as the purchaser, pursuant to which the vendor conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the sale shares representing remaining 51% equity interests in Chengde Jiaheng, at a cash consideration of RMB8,302,800 upon the terms and conditions set out in the second sale and purchase agreement. The disposal was completed on 13 September 2022.

Save as disclosed in this announcement, there were no material acquisition and disposal of subsidiaries and associated companies by the Group for the year ended 31 December 2022.

Sale and Leaseback Transactions

On 29 November 2019, Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司) (the "**Lessor**") and Hongsong, an indirectly non wholly-owned subsidiary of the Company (the "**Lessee**"), entered into a series of sale and leaseback agreements (the "**Sale and Leaseback Agreements**"), pursuant to which, among other things, the Lessor agreed to purchase from the Lessee certain wind power generators, ancillaries, buildings and land use rights (the "**Leased Assets**") of the operation of a wind farm in Chengde City, Hebei Province, the PRC, at an aggregate consideration of RMB1,800,000,000, which shall be leased back to the Lessee with lease periods range from 5 to 13 years as stipulated in each of the Sale and Leaseback Agreements. Upon expiry of the lease term of each of the Sale and Leaseback Agreements, the Lessee can purchase the Leased Assets at a consideration of RMB20,000. The total purchase consideration for the Leased Assets shall be RMB100,000 in aggregate. The total consideration of the Leased Assets of RMB1,800,000,000 represents a premium of approximately 9.5% over the appraised value of the Leased Assets of approximately RMB1,644,500,000 as at 31 October 2019 as appraised by an independent valuer.

During the lease periods of the Sale and Leaseback Agreements, the ownership of the Leased Assets will be vested in the Lessor. The Lessee shall have the right to possess and use the Leased Assets. In accordance with the requirements of HKFRSs, the sale and leaseback transactions shall be accounted for as a financing transaction and therefore would not give rise to any gain or loss, or reduction in value of the Leased Assets. The Sale and Leaseback Agreements was approved, confirmed and ratified at the extraordinary general meeting held on 13 January 2020. During the year ended 31 December 2022, partial consideration of RMB110,000,000 has been paid by the Lessor. Up to the date of this announcement, an aggregate consideration of RMB1,400,000,000 has been received by the Lessee, and the Lessee is in negotiation with the Lessor for the payment of the remaining balances of the consideration.

Further details are set out in the announcements of the Company dated 29 November 2019, 28 December 2020 and 24 November 2021, and the circular of the Company dated 24 December 2019.

Pledge of Assets

As at 31 December 2022, the Group has pledged certain property, plant and equipment and certain leasehold land including in right-of-use assets with a carrying value of approximately RMB764,433,000 (31 December 2021: approximately RMB904,371,000), and trade and other receivables with a carrying value of approximately RMB164,816,000 (31 December 2021: approximately RMB368,936,000) as security for the borrowings obtained by the Group. As at 31 December 2022 and 31 December 2021, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2022 and 31 December 2021, the Group had no material contingent liabilities.

Significant Events Occurred Since the end of the Reporting Period

Save as disclosed in this announcement, there were no significant events occurred since the end of the Reporting Period.

Employees

As at 31 December 2022, the Group had approximately 127 full-time employees (2021: approximately 154 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2022, the relevant staff costs (including Directors' remuneration) were approximately RMB43,277,000 (2021: approximately RMB50,503,000). 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.

Winding-up Petition

On 21 October 2022, the Company received a winding-up petition (the "**Petition**") presented by one of the subscribers of the Company's Corporate Bonds, namely Ms. Hu Chunmei (the "**Petitioner**"), against the Company to the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court**") for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petitioner alleged that the Company is indebted to the Petitioner in the sum of RMB500,000, which arose from a default of payment by the Company as the issuer of such Corporate Bonds issued to the Petitioner as the subscriber on 30 December 2014. Trading of Shares has been halted on 10 November 2022 and resumed on 11 November 2022. The Company received a court order from the High Court in terms of the Consent Summons filed herein dated 8 December 2022. The High Court ordered, among other things, that the Petition has been withdrawn.

Further details of the Petition are set out in the Company's announcements dated 10 November 2022, 15 November 2022 and 20 January 2023.

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 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 high standard of corporate governance principles that provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all Shareholders and also meeting the expectations of the Group's various stakeholders. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

CORPORATE GOVERNANCE CODE

For the year ended 31 December 2022, 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 C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to other pre-arranged business commitments which must be attended by the Directors, Mr. Jiang Senlin an independent non-executive Director, did not attend the annual general meeting for the year ended 31 December 2021 held on 16 June 2022.

Under Code Provision C.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**"). 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 C.2.1 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 2022.

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 2022.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, and Mr. Jiang Senlin is the chairman of the Audit Committee. The annual results of the Company for the year ended 31 December 2022 and this announcement has been reviewed by the Audit Committee before being presented to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Board pays attention to the Company's policies and practices to ensure its compliance with the legal and regulatory requirements in both the PRC and Hong Kong. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable legal framework. Updates on the applicable laws, rules and regulations are brought to the attention of the relevant employees and operation units from time to time.

On 15 November 2021, the Stock Exchange issued a statement of disciplinary action (the "**Statement of Disciplinary Action**") against the Company and its executive Director, Mr. Peng Ziwei. The Company hereby confirms that all the directions of the Listing Committee of the Stock Exchange set out in the Statement of Disciplinary Action had been complied with. Please refer to the announcements of the Company dated 15 November 2021 and 29 March 2022 for details.

Save as disclosed above, as far as the Board and management of the Company are aware of, there has been no material non-compliance with the applicable laws and regulations by the Group, which may cause a significant impact on its business and operation.

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 2022 have been agreed by the Group's auditors, Linksfield CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Linksfield 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 HKICPA and consequently no assurance has been expressed by Linksfield CPA Limited on the preliminary results announcement.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

Linksfield CPA Limited has expressed qualified opinion on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022, an extract of which is as follows:

QUALIFIED OPINION

In our opinion, except for the possible effects on the comparability of the current year's figures and the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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 ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

Comparability of the current year's figures and the corresponding figures for the year ended 31 December 2021 in the consolidated statement of profit or loss and the consolidated statement of changes in equity

The Group has the interest in an associate, the amount due from an associate and certain other receivables which are further described in Note 18 and Note 24 to the consolidated financial statements for the year ended 31 December 2022. As set out in predecessor auditor's report dated 14 May 2021 on the Group's consolidated financial statements for the year ended 31 December 2020, the predecessor auditor have previously qualified their opinion due to a limitation on the scope of their audit in relation to the carrying amounts of: (i) the interest in an associate; (ii) the amount due from an associate and (iii) certain other receivables, as they were unable to obtain sufficient appropriate audit evidence to satisfy themselves on whether any adjustments were necessary to the carrying amounts as at 31 December 2020 in respect of the interest in an associate carried at RMBNil, the amount due from an associate carried at RMBNil and these other receivables carried at approximately RMB78,423,000 and the corresponding share of losses of associates of approximately RMB92,803,000, expected credit losses on amount due from an associate of approximately RMB29,187,000 and expected credit losses on these other receivables of RMBNil recognised respectively for the year ended 31 December 2020. During the year ended 31 December 2021, as further set out in Note 18 and Note 24 to the consolidated financial statements for the year ended 31 December 2022, the Group has made full provision for these other receivables. Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 was qualified because of the limitation in scope on the opening balances of the interest in an associate, the amount due from an associate and these other receivables as at 1 January 2021, which could have a significant consequential impact to the share of losses of associates, the expected credit losses on amount due from an associate and the expected credit losses on these other receivables included in the Group's consolidated losses for the year ended 31 December 2021.

Because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures for the year ended 31 December 2021 in the consolidated statement of profit or loss and the consolidated statement of changes in equity and the related notes disclosures, our opinion on the consolidated financial statements for the year ended 31 December 2022 is therefore qualified.

PUBLICATION OF 2022 ANNUAL REPORT

The 2022 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders 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.

For the purpose of this announcement, unless otherwise specified or the context requires otherwise, "" denotes an English translation of a Chinese name and is for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Hong Kong, 31 March 2023

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.