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 2019

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 2019 (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 2019

	Note	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*4*	**361,683**	361,184
Cost of sales		**(245,217)**	(217,373)
Gross profit		**116,466**	143,811
Interest income		**11,959**	12,237
Other revenue and net income	*6*	**34,703**	29,645
Administrative expenses		**(77,988)**	(82,760)

Consolidated Statement of Profit or Loss *(con't)*
For the year ended 31 December 2019

	Note	**2019** *RMB'000*	2018 *RMB'000*
Profit from operations		**85,140**	102,933
Finance costs	*7(a)*	**(148,580)**	(120,434)
Share of profits less losses of associates		**3,330**	6,807
Share of losses of a joint venture		**(1,497)**	(1,235)
Loss before taxation	*7*	**(61,607)**	(11,929)
Income tax	*8*	**(19,171)**	(25,329)
Loss for the year		**(80,778)**	(37,258)
Attributable to:			
Equity shareholders of the Company		**(103,879)**	(64,212)
Non-controlling interests		**23,101**	26,954
Loss for the year		**(80,778)**	(37,258)
Loss per share attributable to the owners of the Company during the year			
Basic and diluted (RMB)	*9*	**(0.058)**	(0.036)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
Loss for the year	**(80,778)**	(37,258)
Other comprehensive (expense)/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 People's Republic of China (the "**PRC**")	**(16,138)**	(41,174)
Exchange differences reclassified to profit or loss on disposal of a subsidiary	**1,081**	—
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company	**5,822**	22,766
Net movement in the fair value change in respect of financial assets at fair value through other comprehensive income	**288**	(1,498)
Other comprehensive expense for the year (net of tax)	**(8,947)**	(19,906)
Total comprehensive expense for the year	**(89,725)**	(57,164)
Total comprehensive (expense)/income attributable to:		
Equity shareholders of the Company	**(112,910)**	(83,683)
Non-controlling interests	**23,185**	26,519
Total comprehensive expense for the year	**(89,725)**	(57,164)

Consolidated Statement of Financial Position
At 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**1,396,118**	1,501,350
Lease prepayments		**—**	10,008
Right-of-use assets		**12,595**	—
Interests in associates		**92,803**	97,965
Interest in a joint venture		**4,621**	6,118
Financial assets at fair value through other comprehensive income		**7,500**	17,212
Financial assets at fair value through profit or loss		**5,225**	—
Prepayments and other receivables	*12*	**141,981**	301,711
Deferred tax assets		**2,920**	—
		1,663,763	1,934,364
Current assets			
Financial assets at fair value through profit or loss		**2,692**	4,667
Inventories		**583**	125
Trade receivables	*11*	**243,620**	220,776
Prepayments and other receivables	*12*	**538,140**	349,033
Lease prepayments		**—**	398
Cash and cash equivalents		**103,456**	62,491
		888,491	637,490
Current liabilities			
Trade and other payables	*13*	**150,219**	190,997
Borrowings		**569,300**	717,402
Lease liabilities		**2,343**	—
Current taxation		**2,588**	2,650
		724,450	911,049
Net current assets/(liabilities)		**164,041**	(273,559)
Total assets less current liabilities		**1,827,804**	1,660,805
Non-current liabilities			
Borrowings		**1,014,646**	756,195
Deferred tax liabilities		**22,805**	26,091
		1,037,451	782,286
Net assets		**790,353**	878,519
Capital and reserves			
Share capital		**15,677**	15,677
Reserves		**523,965**	610,673
Total equity attributable to equity shareholders of the Company		**539,642**	626,350
Non-controlling interests		**250,711**	252,169
Total equity		**790,353**	878,519

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 addresses of the registered office and principal place of business of the Company are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 1801, 18/F, Great Eagle Centre, No. 23 Harbour Road, Wanchai, Hong Kong, respectively.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2019 but are extracted from those consolidated 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 2019 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 ("**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 consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries 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.

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

Adoption of new and revised HKFRSs

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 16 "Leases"

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as "operating leases" under HKAS 17 "Leases".

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the year ended 31 December 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

	1 January 2019 *RMB'000*
Increase in right-of-use assets	**15,631**
Increase in lease liabilities	**5,225**
Decrease in lease prepayments	**10,406**

The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

	1 January 2019 *RMB'000*
Operating lease commitment as at 31 December 2018	**5,632**
Less: Commitments relating to leases with a remaining lease term ending on or before 31 December 2019	**(37)**
Discounting	**(370)**
Lease liabilities as at 1 January 2019	**5,225**

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 6.26% per annum.

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

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:

	2019	2018
	RMB'000	*RMB'000*
Wind power generation revenue	**268,094**	269,508
Wind power generation subsidies	**98,904**	97,886
Business tax and surcharges	**(5,315)**	(6,210)
Total	**361,683**	361,184

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

The Group's revenue 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.

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 2019 and 2018, the Group has one segment of using wind turbine blades to generate electricity power in 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 2019 and 2018 is set out below.

For the year ended 31 December 2019:

	Wind farm Operations *RMB'000*	**Un-allocated** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**361,683**	**—**	**361,683**
Reportable segment profit	**76,350**	**10,116**	**86,466**
Central administrative costs	**—**	**(45,916)**	**(45,916)**
Central finance costs	**—**	**(102,157)**	**(102,157)**
Loss before taxation			**(61,607)**
Income tax			**(19,171)**
Loss for the year			**(80,778)**

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)

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

For the year ended 31 December 2019:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Depreciation for the year	**(157,190)**	**(2,470)**	**(159,660)**
Loss on remeasurement of other receivables to fair value	**(18,000)**	**—**	**(18,000)**
Interest income	**4,987**	**6,972**	**11,959**
Share of losses of a joint venture	**—**	**(1,497)**	**(1,497)**
Share of profits less losses of associates	**—**	**3,330**	**3,330**
Additions to non-current segment assets during the year	**51,504**	**16**	**51,520**

As at 31 December 2019:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Assets	**2,164,862**	**289,968**	**2,454,830**
Associates	**—**	**92,803**	**92,803**
Joint venture	**—**	**4,621**	**4,621**
Reportable segment assets	**2,164,862**	**387,392**	**2,552,254**
Reportable segment liabilities	**(961,248)**	**(800,653)**	**(1,761,901)**

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)
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)

(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 2019, revenue of approximately RMB361,683,000 (2018: approximately RMB361,184,000) was made to a single customer attributable to the wind farm operation segment comprising 100% (2018: 100%) of the total revenue of the Group.

6. OTHER REVENUE AND NET INCOME

	2019	2018
	RMB'000	*RMB'000*
Government subsidy income related to value added tax refund	**27,364**	29,545
Gain on disposal of partial interests in an associate	**1,594**	—
Gain on disposal of a subsidiary	**228**	—
Loss on disposal of property, plant and equipment	**(127)**	(1,619)
Net realised and unrealised loss on financial assets at fair value through profit or loss	**(2,026)**	(729)
Foreign exchange gains	**808**	—
Rental income from operating leases	**2,300**	2,227
Compensation income	**3,286**	—
Others	**1,276**	221
	34,703	29,645

7. LOSS BEFORE TAXATION

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

	2019	2018
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest expenses on bank loans and other loans	**62,685**	66,956
Interest expenses on bonds	**15,436**	14,173
Interest expenses on convertible notes	**39,978**	39,305
Interest expenses on convertible bonds	**29,398**	—
Interest expenses on notes payables	**810**	—
Lease interests	**273**	—
Total interest expenses	**148,580**	120,434
(b) Staff costs (including Directors' remuneration):		
Contributions to defined contribution retirement plans	**4,386**	4,021
Salaries, wages and other benefits	**38,378**	36,339
	42,764	40,360

	2019	2018
	RMB'000	*RMB'000*
(c) Other items:		
Amortisation of lease prepayments	**—**	398
Loss on remeasurement of other receivables to fair value (included in administrative expenses)	**18,000**	—
Impairment losses on goodwill	**—**	1,277
Depreciation for right-of-use assets	**3,052**	—
Depreciation for property, plant and equipment		
— owned assets	**156,608**	157,674
Net foreign exchange (gains)/losses	**(808)**	7,515
Auditors' remuneration		
— audit services	**1,078**	1,067
— non-audit services	**415**	—
Operating lease charges		
— minimum lease payments in respect of property rentals	**—**	3,220
— minimum lease payments in respect of rentals of motor vehicle	**—**	1,205
Loss on disposal of property, plant and equipment	**127**	1,619
Share-based payment arising form the issue of convertible notes/bonds	**21,255**	23,624

8. INCOME TAX

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

	2019	2018
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**26,461**	27,461
(Over)/under-provision in respect of prior years	**(832)**	1,050
Withholding tax		
Provision for the year	**1,390**	3,783
Deferred tax		
Origination and reversal of temporary differences	**(7,848)**	(6,965)
	19,171	25,329

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 (2018: 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 RMB103,879,000 (2018: approximately RMB64,212,000).

The weighted average number of approximately 1,799,141,000 ordinary shares (2018: 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 2019 and 2018 are equal to basic loss per share because (i) there are no dilutive potential ordinary shares for the Company's outstanding options (2018: 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); and (ii) the impact of the convertible notes/bonds 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 2019 (2018: Nil).

11. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**245,650**	222,806
Less: allowance for doubtful debts	**(2,030)**	(2,030)
	243,620	220,776

Ageing analysis

Trade receivables are net of allowance for doubtful debts of approximately RMB2,030,000 (2018: approximately RMB2,030,000) with the following ageing analysis as of the end of the Reporting Period:

	2019	2018
	RMB'000	*RMB'000*
Within three months	**81,841**	75,819
More than three months but within one year	**75,623**	79,124
More than one year	**86,156**	65,833
	243,620	220,776

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

	2019	2018
	RMB'000	*RMB'000*
Other receivables	**288,758**	146,164
Less: allowance for doubtful debts	**(8,274)**	(8,265)
	280,484	137,899
Loan receivables	**226,155**	119,437
Less: allowance for doubtful debts	**(9,000)**	(9,000)
	217,155	110,437
Amount due from an associate	**29,189**	26,933
Amount due from non-controlling interest	**2,498**	2,498
Loan and receivables	**529,326**	277,767
Deposit for loans	**22,220**	22,220
Prepayments and other deposits	**128,575**	350,757
	680,121	650,744
Less: Non-current portion of		
— Prepayments for acquisition of property, plant and equipment and other long-term receivables	**(141,981)**	(301,711)
Total current portion of prepayments and other receivables	**538,140**	349,033

13. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**4,032**	14,938
Accrual and other payables	**67,756**	86,316
Payables on acquisition of property, plant and equipment	**11,962**	12,031
Payables on acquisition of a subsidiary and a joint venture	**22,093**	29,784
Other tax payables	**7,180**	19,918
Amount due to an associate	**—**	943
Amounts due to Directors	**313**	4,132
Amounts due to non-controlling interests	**36,883**	22,935
	150,219	190,997

Included in trade payables are trade creditors with the following ageing analysis as of the end of the Reporting Period:

	2019	2018
	RMB'000	*RMB'000*
Within three months	**3,851**	9,759
More than three months but within one year	**77**	705
More than one year	**104**	4,474
	4,032	14,938

14. COMMITMENTS

Capital commitments outstanding at 31 December 2019 not provided for in the financial statements were as follows:

	2019	2018
	RMB'000	*RMB'000*
Capital injection in subsidiaries		
— Contracted for	**955,731**	950,469
Capital injection in an associate		
— Contracted for	**41,723**	42,212
Acquisition of property, plant and equipment		
— Contracted for	**46,607**	183,091
	1,044,061	1,175,772

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group is currently and principally engaged in wind farm operations during the year ended 31 December 2019.

Operating results for the years ended 31 December 2019 and 31 December 2018 were as follows:

	Year ended 31 December		**Increase/**	**Approximate change in**
	2019	2018	**(decrease)**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**361,683**	361,184	499	0.1
Gross profit	**116,466**	143,811	(27,345)	19
Profit from operations	**85,140**	102,933	(17,793)	17
Loss before taxation	**(61,607)**	(11,929)	(49,678)	416
Loss for the year	**(80,778)**	(37,258)	(43,520)	117
Attributable to:				
Equity shareholders of the Company	**(103,879)**	(64,212)	(39,667)	62
Non-controlling interests	**23,101**	26,954	(3,853)	14
Loss for the year	**(80,778)**	(37,258)	(43,520)	117

		Year ended 31 December	
	Note	**2019**	2018
Net cash *(RMB'000)*	*1*	**(1,480,490)**	(1,411,106)
Net assets *(RMB'000)*	*2*	**790,353**	878,519
Liquidity ratio	*3*	**123%**	70%
Trade receivables turnover (number of days)	*4*	**234**	208
Trade payables turnover (number of days)	*5*	**14**	34
Earning interest multiple	*6*	**0.59**	0.90
Net debt to capital ratio	*7*	**187%**	161%

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 2019, 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 PRC.

Revenue for the year ended 31 December 2019 was approximately RMB361,683,000 and was comparable to approximately RMB361,184,000 for the year ended 31 December 2018.

Analysis of the Group's revenue for the two years ended 31 December 2019 and 31 December 2018 are set out below:

	2019	2018	**Increase/ (decrease)**	**Approximate change in percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Wind power generation revenue	**268,094**	269,508	(1,414)	0.5
Wind power generation subsidies	**98,904**	97,886	1,018	1
Business tax and surcharges	**(5,315)**	(6,210)	895	14
Total	**361,683**	**361,184**	**499**	**0.1**

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 2019 accounted for approximately RMB245,217,000 (2018: approximately RMB217,373,000), which represented approximately 68% of the Group's revenue (2018: approximately 60%). The increase in the ratio was mainly due to the increase in cost of raw materials and repair and maintenance expenses for the Reporting Period.

Gross Profit

Gross profit was approximately RMB116,466,000 for the year ended 31 December 2019 (2018: approximately RMB143,811,000) 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 32%, as compared to approximately 40% for the year of 2018. The decrease was mainly due to the increase in cost of sales for the reason mentioned in the paragraph headed "Cost of Sales" above.

Other Revenue and Net Income

Other revenue and net income for the year ended 31 December 2019 was mainly comprised of (i) tax refund from the PRC government (2019: approximately RMB27,364,000; 2018: approximately RMB29,545,000); (ii) rental income from operating leases (2019: approximately RMB2,300,000; 2018: approximately RMB2,227,000); and (iii) an one-off compensation received from a wind power generation company (2019: approximately RMB3,286,000; 2018: Nil).

Administrative Expenses

Administrative expenses mainly included salaries and welfare expenses, professional fees, rental expenses, entertainment expenses, travelling expenses, office expenses, other taxation expenses, non-cash and non-operating item on expenses related to share-based payment arising from the issue of Convertible Bonds (as defined below), exchange losses and allowance of doubtful debts for trade and other receivables. It decreased by approximately 6% to approximately RMB77,988,000 for the year ended 31 December 2019 as compared with that of approximately RMB82,760,000 for the year ended 31 December 2018.

The decrease was due to the combined effect of (i) the cost-tightening measurements taken by the management of the Company during the current year, resulted in a decrease in consultancy fees, rental expenses and office expenses; and (ii) net foreign exchange losses of approximately RMB7,515,000 being recorded for the year 2018 while net foreign exchange gains of approximately RMB808,000 were recorded as "Other Revenue and Net Income" for the year 2019. Net foreign exchange losses/gains were mainly derived from depreciation/appreciation of Renminbi ("**RMB**") against Hong Kong Dollar ("**HKD**") for the years 2018 and 2019. This was partially offset by loss on remeasurement of other receivables to fair value of approximately RMB18,000,000 for the year ended 31 December 2019 (2018: Nil).

Finance Costs

Finance costs mainly referred to the interest expenses and the bank charges of the Group's borrowings including bank loans and other loans obtained and bonds, Convertible Notes/Notes and Convertible Bonds (as defined below) issued by the Group. It amounted to approximately RMB148,580,000 for the year ended 31 December 2019 (2018: approximately RMB120,434,000). The increase was mainly due to the interests incurred for the Convertible Bonds issued on 25 March 2019 with principal amount of HKD313,795,000.

Taxation

Taxation expenses decreased to approximately RMB19,171,000 for the year ended 31 December 2019 (2018: approximately RMB25,329,000). Such decrease was mainly derived from the decrease in taxable income of a PRC subsidiary, Hebei Hongsong Wind Power Co., Ltd* ("**Hongsong**").

Loss for the Reporting Period

Loss for the year ended 31 December 2019 was approximately RMB80,778,000 (2018: approximately RMB37,258,000). The significant increase in loss for the year was mainly due to (i) increase in cost of sales for the Reporting Period; (ii) increase in finance costs incurred from the issuance of Convertible Bonds in March 2019 and extension of Convertible Notes during the Reporting Period; and (iii) loss on remeasurement of other receivables to fair value.

Loss attributable to equity shareholders was approximately RMB103,879,000 (2018: approximately RMB64,212,000).

Net Current Assets/(Liabilities)

Net current assets as at 31 December 2019 was approximately RMB164,041,000 (net current liabilities of approximately RMB273,559,000 as at 31 December 2018). Net current assets position as at 31 December 2019 resulted in the drawdown of long-term borrowings to increase working capital and to repay current borrowings and other payables during the Reporting Period.

Liquidity and Financing

The cash and bank balances as at 31 December 2019 and 31 December 2018 amounted to approximately RMB103,456,000 (mainly denominated in RMB, United States dollar ("**USD**") and HKD, which is comprised of approximately RMB102,112,000, USD4,000 and HKD1,468,000), and approximately RMB62,491,000 respectively.

Total borrowings as at 31 December 2019 amounted to approximately RMB1,583,946,000, representing an increase by approximately RMB110,349,000 when compared with approximately RMB1,473,597,000 as at 31 December 2018. The increase in 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 69% as at 31 December 2019 from approximately 66% as at 31 December 2018. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2019, 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 RMB1,583,946,000 as at 31 December 2019. Among the interest-bearing borrowings of the Group, approximately RMB726,587,000 were fixed rate loans, while approximately RMB857,359,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2019 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 Reporting Period, the Company did not issue additional non-listing corporate bonds (the "**Corporate Bonds**") to investors, with principal amount of HKD4,000,000 in total were mature and redeemed (for the year ended 31 December 2018: the Company issued additional Corporate Bonds to investors in aggregate principal amount of HKD15,000,000 at par value with maturity in 2 to 3 years, and bearing fixed interest rate at 7% per annum; and principal amount of HKD7,500,000 in total were mature and redeemed). All the net proceeds from the Corporate Bonds issued in the year of 2018 has been utilised in the same year.

As at 31 December 2019 and 31 December 2018, principal amount of approximately HKD177,236,000 and HKD181,236,000 of the Corporate 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 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 at an initial conversion price of HKD0.65 per conversion share (the "**Convertible Notes**").

Assuming full conversion of the Convertible Notes, a total of 264,000,000 shares of the Company (the "**Conversion Shares**") 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.

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.

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 Deed has become unconditional on 12 February 2020 upon approval being received from the Stock Exchange. Convertible Notes are reclassified as notes (the "**Notes**").

No conversion share has been allotted or issued from the conversion of the Convertible Notes during the year ended 31 December 2019.

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 respectively.

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, 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 HKD294,183,000 and (ii) Well Foundation conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HKD19,612,000. The Convertible Bonds are in aggregation in the amount of HKD313,795,000 due at 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 HKD0.485 per conversion share. Mr. Zhang Zhixiang, the chief executive officer and a Director of the Company, is the sole beneficial owner of the share capital in Filled Converge.

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.

As disclosed in the circular dated 31 January 2019, 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.

On 20 June 2019, the Company applied for the change of use of proceeds, to increase the use of the net proceeds for the general working capital of the Group from approximately HKD12,200,000 to HKD22,200,000. Having the additional HKD10,000,000 be deducted from the previous allocation of the use of the net proceeds on repayment of bank loans.

As at 31 December 2019, approximately 61% of the net proceeds had been used for redemption of the convertible notes due on 11 May 2019, approximately 32% of the net proceeds had been used for repayment of bank loans and approximately 7% of the net proceeds had been used for general working capital of the Group. The net proceeds had been fully utilised as at 31 December 2019.

With effect from 3 January 2020, the conversion price of the Convertible Bonds was adjusted from HKD0.485 per conversion share to HKD0.475 per conversion share, subsequent to the completion of placing of shares on 3 January 2020. The Convertible Bonds entitle the holders of the Convertible Bonds to convert into 660,621,052 conversion shares after the adjustment to conversion price.

None of the rights attached to the Convertible Bonds has been exercised during the Reporting Period. Further details of the issuance of 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 and 30 March 2020, and the circular of the Company dated 30 January 2019.

Capital Raising

On 4 December 2019, the Company entered into the placing agreement with the placing agent to place 180,000,000 shares to not less than 6 placees at the placing price of HKD0.25 per share. The placing was completed on 3 January 2020. For details, please refer to "Important Events Occured Since the Reporting Period" below. Save as disclosed in this announcement, the Group did not have any capital raising activity during the year ended 31 December 2019.

Material Acquisition and Disposal

Formation of a joint venture and disposal of a subsidiary

Team Mega Limited ("**Team Mega**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Beijing Enterprises City Development Company Limited*（北控城市開發有限公司）("**Beijing Enterprises**"), Laizhou City Investment Development Company Limited*（萊州市城市投資發展有限公司）("**Laizhou Investment**") and Laizhou Chengkai Investment Comapny Limited*（萊州城開投資有限公司）("**Laizhou Chengkai**") in relation to the formation of the joint venture company (the "**JV Agreement**") proposed to be established in the PRC and named as Beikong Stone Laizhou Co., Ltd.*（北控石業（萊州）有限公司）(the "**JV Company**") on 17 June 2019.

Pursuant to the JV Agreement, the JV Company shall be, after its establishment, owned as to 39% by Team Mega, 51% by Beijing Enterprises, 5% by Laizhou Investment and 5% by Laizhou Chengkai. The registered capital of the JV Company is expected to be USD50 million, which shall be contributed by Team Mega, Beijing Enterprises, Laizhou Investment and Laizhou Chengkai in the respective amounts of USD19.5 million, USD25.5 million, USD2.5 million and USD2.5 million. The JV Company shall be involved in, among others, processing and manufacturing of marble, granite slabs, stone pillars, step stones and stone carvings as well as sale of the abovementioned self-manufactured products.

On 18 September 2019, an agreement was entered into between Leading Win Resources Limited, a direct wholly-owned subsidiary of the Company, as vendor and Beijing Enterprises City Development (Hong Kong) Limited as purchaser relating to the proposed disposal of Team Mega for a consideration of USD3,925,000. Upon completion of disposal of Team Mega in November 2019, the Company ceased to hold any interest in Team Mega and hence Team Mega ceased to be a subsidiary of the Group. The accounts of Team Mega will no longer be consolidated in the financial statements of the Group. At the same time, the Group will no longer have any equity interest in the JV Company.

Further details are set out in the announcements of the Company dated 17 June 2019, 18 September 2019 and 30 September 2019, respectively.

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 2019.

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. As at the date of this announcement, certain conditions precedent of cash payment has not yet been fulfilled and no consideration has been paid by the Lessor.

Further details are set out in the announcement of the Company dated 29 November 2019 and the circular of the Company dated 24 December 2019.

Pledge of Assets

As at 31 December 2019, the Group has pledged certain property, plant and equipment and certain leasehold land including in right-of-use assets (2018: lease prepayments) with a carrying value of approximately RMB273,629,000 (31 December 2018: approximately RMB877,271,000), and trade and other receivables with a carrying value of approximately RMB265,840,000 (31 December 2018: approximately RMB242,996,000) as security for the borrowings obtained by the Group. As at 31 December 2019 and 31 December 2018, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2019 and 31 December 2018, the Group had no material contingent liabilities.

Employees

As at 31 December 2019, the Group had approximately 130 full-time employees (2018: approximately 140 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2019, the relevant staff costs (including Directors' remuneration) were approximately RMB42,764,000 (2018: approximately RMB40,360,000). 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 2019, no share options were granted under the share option scheme and no share options were outstanding as at 31 December 2019.

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2019, the revenue from the wind farm operations amounted to approximately RMB361,683,000 and was comparable to approximately RMB361,184,000 for the year ended 31 December 2018. The segment profit from the wind farm operations was approximately RMB76,350,000 (2018: approximately RMB107,576,000), representing a decrease of approximately 29% from that of year ended 31 December 2018.

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 2019 which made a significant contribution to the Group's revenue from wind farm operations for the year ended 31 December 2019.

Baotou Yinfeng's wind farm projects

Baotou City Yinfeng Huili New Energy Investment Limited* ("**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 government 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.

The wide spread of the Coronavirus Disease 2019 has caused disruptions or halt in productions and commercial activities of various industries in the PRC, which in turn has reduced the energy consumption. The Group will closely monitor the development of the epidemic. However, as the econonic activities in the PRC has gradually resumed, the overall momentum of economic development in the PRC remains stable and positive in the long-run.

Looking ahead, the Group will continue to strengthen its wind farm operation business. 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 the coming year, 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 continue to seek opportunities to develop its of renewable energy business in other new areas of clean energy apart from wind power 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 sectors of the industry. 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 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 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.

Due to other pre-arranged business commitments which must be attended by the Directors, Mr. Peng Ziwei, Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, did not attend the annual general meeting held during the year ended 31 December 2019.

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 2019.

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 2019.

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 2019 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 2019, 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

(a) On 4 December 2019, the Company entered into a placing agreement with a sole placing agent pursuant to which the sole placing agent has conditionally agreed to procure on a best effort basis not less than six placees to subscribe for up to 180,000,000 placing shares at a placing price of HKD0.25 per placing share under general mandate. The placing was completed on 3 January 2020. An aggregate of 180,000,000 placing shares, representing approximately 9.09% of the total issued share capital of the Company immediately after the completion as at 3 January 2020, were allotted and issued to not less than six placees at the placing price of HKD0.25 per placing share. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the placees and their respective ultimate beneficial owners are independent third parties of the Company.

    The actual net proceeds from the placing, after deduction of the commission for the placing and other related expenses, amounted to approximately HKD44,097,000. The Company intended to apply the net proceeds to partially reduce the current borrowings of the Group of approximately RMB569,300,000 as at 31 December 2019 and to repay more urgent loans of the Group, in particular, a bank loan which amounted to approximately USD4,789,000 (equivalent to approximately HKD37,594,000) inclusive of interests. As at the date of this announcement, approximately HKD38,000,000 was utilised for repayment of bank loan and approximately HKD6,097,000 was utilised for repayment of interest of Convertible Bonds. The net proceeds have been fully utilised.

Further details of the placing of news shares under general mandate are set out in the announcements of the Company dated 4 December 2019, 10 December 2019, 3 January 2020 and 8 January 2020.

(b) On 10 February 2020, the Company and all the noteholders of Convertible Notes at an aggregate principal amount of HKD171,600,000, entered into the Third Amendment Deed. Please refer to "Extension of Convertible Notes" above for details.

Further details are set out in the announcements of the Company dated 10 February 2020 and 12 February 2020.

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 2019 ANNUAL REPORT

The 2019 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 2019 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.

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
China Ruifeng Renewable Energy Holdings Limited
Zhang Zhixiang
Executive Director and Chief Executive Officer

Hong Kong, 30 March 2020

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.