China Ruifeng Renewable Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00527)

2020
INTERIM REPORT

Contents

Company Information

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00527

EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang *(Chief Executive Officer)*
Mr. Ning Zhongzhi
Mr. Li Tian Hai
Mr. Peng Ziwei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qu Weidong
Ms. Hu Xiaolin
Mr. Jiang Senlin

AUDIT COMMITTEE

Mr. Jiang Senlin *(chairman of the Audit Committee)*
Mr. Qu Weidong
Ms. Hu Xiaolin

REMUNERATION COMMITTEE

Ms. Hu Xiaolin *(chairman of the Remuneration Committee)*
Mr. Zhang Zhixiang
Mr. Qu Weidong
Mr. Jiang Senlin

NOMINATION COMMITTEE

Mr. Qu Weidong *(chairman of the Nomination Committee)*
Mr. Zhang Zhixiang
Ms. Hu Xiaolin
Mr. Jiang Senlin

COMPANY SECRETARY

Ms. Wong Yuk Ki

Company Information

AUTHORISED REPRESENTATIVES

Mr. Zhang Zhixiang
Ms. Wong Yuk Ki

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Limited
China Minsheng Banking Corporation Limited, Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
The Bank of East Asia Limited

In the People's Republic of China (the "PRC"):
Bank of China Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited
Bank of Chengde Company Limited
China Construction Bank Corporation
Bank of Hebei Company Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1801, 18/F
Great Eagle Centre,
No. 23 Harbour Road, Wanchai
Hong Kong

COMPANY WEBSITE

www.c-ruifeng.com

Company Information

AUDITORS

ZHONGHUI ANDA CPA Limited
Unit 701, 7/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Summary of Financial Results

Below is a summary of the unaudited condensed consolidated financial results of China Ruifeng Renewable Energy Holdings Limited for the six months ended 30 June 2020 together with the comparative figures of the corresponding period in 2019:

	For the six months ended 30 June			
	2020	2019	Increase/ (decrease)	Approximate change in percentage
	RMB'000	*RMB'000*	*RMB'000*	*%*
	(unaudited)	(unaudited)		
Revenue	**176,149**	202,839	(26,690)	(13)
Gross profit	**65,730**	105,784	(40,054)	(38)
Profit from operations	**62,578**	98,661	(36,083)	(37)
(Loss)/profit before taxation	**(3,971)**	27,548	(31,519)	(114)
(Loss)/profit for the period	**(18,067)**	4,020	(22,087)	(549)
Attributable to:				
Equity shareholders of the Company	**(28,513)**	(19,255)	(9,258)	48
Non-controlling interests	**10,446**	23,275	(12,829)	(55)
(Loss)/profit for the period	**(18,067)**	4,020	(22,087)	(549)

	As at 30 June 2020	As at 31 December 2019
	(unaudited)	(audited)
Net cash/(debts) *(RMB'000) (note)*	**(1,464,635)**	(1,480,490)
Net assets *(RMB'000)*	**801,152**	790,353
Liquidity ratio	**90%**	123%
Trade receivables turnover (number of days)	**258**	234
Trade payables turnover (number of days)	**4**	14
Earning interest multiple	**0.94**	0.59
Net debt to equity ratio	**183%**	187%

Note:

Net cash/(debts): Cash and cash equivalents less borrowings.

Chief Executive Officer's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Ruifeng Renewable Energy Holdings Limited ("**Ruifeng Renew**" or the "**Company**", together with its subsidiaries referred to as the "**Group**"), I hereby present to the shareholders of the Company (the "**Shareholders**") the results of the Group for the six months ended 30 June 2020 (the "**Reporting Period**").

As a renewable energy enterprise specialised in wind power development and operation, during the first half of 2020, the Group is principally engaged in the business of wind farms operation and is continuing to search for investment opportunities in the energy sectors. In addition, in order to diversify the business risk and to expand various income stream, the Company has also been seeking development opportunities in the financial sectors, with the aim to facilitate the development of, and complement with each other, the continuous enhancement of the Company's operational structure, which will solidify the foundation to reinforce the comprehensive development of its wind power operation.

2020 is the closing year for building a moderately prosperous society in all respects and the 13th Five-year Plan. In the first half of 2020, the People's Republic of China ("**PRC**") government has implemented lockdown and quarantine policies in various cities to cope with the outbreak of the COVID-19 pandemic in the country. According to China's National Bureau of Statistics, China's Gross Domestic Product ("**GDP**") dropped by 6.8% in the first quarter of 2020 compared to that of the same quarter of the previous year. As the economic activities gradually resumed in the second quarter of 2020, a growth of 3.2% in the GDP compared to that of the same quarter of the previous year was reported. Overall, China's GDP for the first half of 2020 decreased by 1.5% as compared year on year.

Chief Executive Officer's Statement

As the requirements on environmental and ecological protection become more stringent, China's clean energy consumption gains importance, the wind power and other new energy industries as the nation's seven strategic new industries will be getting more policy support after the 13th Five-year Plan takes the stage, China has been recognised as having the largest hydropower, wind power and solar power in terms of installed capacity in the world. In the face of the new circumstances and in the effort to capture the opportunities of the government's policy reforms, the Company will improve its development quality and efficiency to become a world-class renewable energy enterprise characterised by a large scale, high market share, great contribution to the society, strong profitability, solid competitiveness, and sound sustainability, with the objective of bringing continuous, stable and substantial returns to the Shareholders.

As the PRC government pointed out that it was vital for the energy structure to be optimised and adjusted as the transformation of energy development has reached the crucial strategic stage, the wind power industry, which spearheads the renewable energy industry is bound to receive increasing attention. The National Development and Reform Commission ("**NDRC**") also published the "Administrative Measures on Protective Buyouts of Renewable Energy Power Generation"《(可再生能源發電全額保障性收購管理辦法》) which stipulated the buyouts of on-grid electricity of renewable energy power generation projects within the planned scope by power grid enterprises according to the on- grid tariff and protective buyouts utilisation hours set by the PRC government with market competition mechanism, providing strong external support and policy protection to the business development of the Group. Furthermore, the formulation of the "Administrative Regulations on Trading National Carbon Emission Rights"《(全國碳排放權交易管理條例》) is speeding up, and the NDRC has sent copies of the relevant drafts to ministries such as the China Banking Regulatory Commission and the China Securities Regulatory Commission to solicit opinions. The national carbon emission trading market will kick off if relevant regulations are duly passed, such that the wind power operation business of the Group may receive additional revenues from the sales of carbon emission rights.

Chief Executive Officer's Statement

In the future, the Group will consolidate its resources and continue to accelerate the development in wind power business. By fully leveraging the Group's wind farms, the Group will actively seek for development opportunities and strive for a solid foothold in the renewable energy industry in the near future.

On behalf of the Board, I would like to express my gratitude to the Shareholders, investors and business partners for their continuing care of and support to the Group. I would also like to thank the management team and all the staff for their contributions and dedications to the development of the Group. The Group is committed to bringing better returns to the Shareholders and investors through sound and pragmatic development strategies.

Zhang Zhixiang
Chief Executive Officer

Hong Kong, 28 August 2020

Management Discussion and Analysis

FINANCIAL REVIEW

During the Reporting Period, the Group was principally engaged in wind farms operation through its subsidiary, namely Hebei Hongsong Wind Power Co., Ltd. ("**Hongsong**").

For the Reporting Period, the Group's revenue from its wind farms operation amounted to approximately RMB176,149,000 (for the six months ended 30 June 2019: approximately RMB202,839,000). Gross profit decreased by approximately 38% to approximately RMB65,730,000 for the Reporting Period (for the six months ended 30 June 2019: approximately RMB105,784,000). The net loss for the Reporting Period was approximately RMB18,067,000 (for the six months ended 30 June 2019: net profit of approximately RMB4,020,000). The turnaround from profit to loss position for the Reporting Period was primarily attributable to the combined effect of, among others, (i) the decrease in revenue due to the outbreak of the COVID-19 pandemic which led to decrease in the sales of electricity; (ii) the increase in repair and maintenance expenses; (iii) the decrease in government subsidy income related to value added tax refund; and (iv) the absence of non-cash and non-operating item on expenses related to share-based payment arising from the issue of convertible bonds while there is such expenses incurred in the corresponding period of 2019.

Revenue

During the Reporting Period, the Group's revenue was mainly derived from the business of wind power generation of Hongsong which contributed a stable source of revenue to the Group. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province and Inner Mongolia Autonomous Region in PRC.

Revenue from wind farms operation for the Reporting Period was approximately RMB176,149,000, representing a decrease of approximately 13% as compared with approximately RMB202,839,000 of the corresponding period of 2019. The decrease was mainly due to the decrease in volume of electricity generated as well as the sales of electricity. The COVID-19 pandemic has led to disruption or halts in productions and commercial activities of various industries in the PRC during the first half of 2020 which resulted in reduction in energy consumption.

Cost of Sales

Cost of sales mainly included the cost of raw materials, staff costs, depreciation, water, electricity, gas and other ancillary materials for wind farms operation. Cost of sales for the Reporting Period was approximately RMB110,419,000 (for the six months ended 30 June 2019: approximately RMB97,055,000), representing approximately 63% of the Group's revenue from wind farms operation, as compared to approximately 48% for the corresponding period of 2019.

Gross Profit

Gross profit from wind farms operation for the Reporting Period decreased by approximately 38% to approximately RMB65,730,000 (for the six months ended 30 June 2019: approximately RMB105,784,000), which was mainly due to the increase in repair and maintenance cost for the wind turbine equipment included in the cost of sales.

Other Revenue and Net Income

Other revenue and net income from wind farms operation mainly comprised (i) the government subsidy income related to value added tax refund (for the Reporting Period: approximately RMB11,077,000; for the six months ended 30 June 2019: approximately RMB18,694,000); and (ii) absence of an one-off compensation income related to electricity disturbance received from a wind power generation company (for the six months ended 30 June 2019: approximately RMB4,286,000).

Administrative Expenses

Administrative expenses for the Reporting Period mainly included salaries and welfare expenses, professional fees, entertainment expenses, travelling expenses, insurance expenses and other taxation expenses. It decreased by approximately 56% to approximately RMB16,414,000 for the Reporting Period when compared with approximately RMB37,039,000 for the corresponding period of 2019. The decrease was mainly due to absence of non-cash and non-operating item on expenses related to share-based payment arising from the issue of convertible bonds for the Reporting Period (for the six months ended 30 June 2019: approximately RMB21,255,000).

Finance Costs

Finance costs for the Reporting Period referred to interest expenses of the Group's borrowings including bank loans obtained, corporate bonds, notes and convertible bonds issued by the Group. It amounted to approximately RMB67,848,000 for the Reporting Period (for the six months ended 30 June 2019: approximately RMB71,977,000). The decrease was mainly due to decrease in interest expenses incurred for bank loans as some repayments had been made in year 2019.

Taxation

Taxation decreased from approximately RMB23,528,000 for the six months ended 30 June 2019 to approximately RMB14,096,000 for the Reporting Period. The decrease was mainly due to a decrease in income tax provision of Hongsong to approximately RMB17,193,000 (for the six months ended 30 June 2019: approximately RMB27,727,000) for the Reporting Period.

Net Loss

The net loss for the Reporting Period was approximately RMB18,067,000 (for the six months ended 30 June 2019: net profit of approximately RMB4,020,000). The turnaround from profit to loss position for the Reporting Period was primarily attributable to the combined effect of, among others, (i) the decrease in revenue due to the outbreak of the COVID-19 pandemic which led to decrease in the sales of electricity; (ii) the increase in repair and maintenance expenses; (iii) the decrease in government subsidy income related to value added tax refund; and (iv) the absence of non-cash and non-operating item on expenses related to share-based payment arising from the issue of convertible bonds while there is such expenses incurred in the corresponding period of 2019.

Share Capital

As at 30 June 2020, the total number of issued shares capital of the Company comprised 1,979,140,800 ordinary shares of HKD0.01 each, as 180,000,000 new shares were allotted and issued on 3 January 2020 under the general mandate granted by the ordinary resolution duly passed at the annual general meeting held on 3 June 2019 (31 December 2019: 1,799,140,800 ordinary shares of HKD0.01 each).

Liquidity and Financial Resources

The cash and bank balances as at 30 June 2020 and 31 December 2019 amounted to approximately RMB40,928,000 (mainly denominated in Renminbi ("**RMB**") and Hong Kong dollar ("**HKD**") of approximately RMB39,930,000 and HKD1,094,000), and approximately RMB103,456,000, respectively.

Total borrowings of the Group as at 30 June 2020 amounted to approximately RMB1,505,563,000 representing an decrease of approximately RMB78,383,000 when compared with approximately RMB1,583,946,000 as at 31 December 2019. The decrease was mainly due to repayments of bank loans and other loans during the Reporting Period.

The Group repaid its debts mainly through steady recurrent cash-flows generated by its operations. The Group's gearing ratio as at 30 June 2020 was approximately 0.68 which was comparable to approximately 0.69 as at 31 December 2019. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the Reporting Period, all of the Group's borrowings were settled in RMB and HKD and all of the Group's income was denominated in RMB and HKD. Interest bearing borrowings were approximately RMB1,505,563,000 as at 30 June 2020 (31 December 2019: approximately RMB1,583,946,000). Among the interest bearing borrowings of the Group, approximately RMB700,307,000 were fixed rate loans and approximately RMB805,256,000 were variable rate loans. The Group had not engaged in any hedging facility against interest rate fluctuations for the Reporting Period and up to the date of this report, as the Board considered that the cost of any hedging policy would be higher than the potential risk of the costs being incurred from interest rate fluctuations in individual transactions.

Exposure to fluctuation in exchange rates

The Group has minimal exposure to foreign currency risk as most of its business, transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise, and appropriate instrument be available.

Issuance of Corporate Bonds

During the Reporting Period, the Company did not issue additional non-listing corporate bonds (the "**Corporate Bonds**") to investors. Corporate Bonds with principal amount of HKD1,000,000 were matured and redeemed during the Reporting Period (30 June 2019: no additional Corporate Bonds were issued, and Corporate Bonds with principal amount of HKD4,000,000 were matured and redeemed).

As at 30 June 2020 and 31 December 2019, Corporate Bonds with principal amount of approximately HKD176,236,000 and HKD177,236,000 had been issued and had not been repaid respectively. For details, please refer to the announcement 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 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 the 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 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. The Convertible Notes have since then been reclassified as notes (the "**Notes**").

During the Reporting Period, the Notes with principal amount of HKD10,800,000 has been repaid. The Company is currently in negotiation with all the noteholders regarding possible extension of maturity date and amendment to the other terms and conditions of the remaining balance of the Notes.

As at 30 June 2020 and 31 December 2019, principal amount of HKD160,800,000 and HKD171,600,000 respectively of the Notes remained outstanding.

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 of the Company at an initial conversion price of HK$0.485 per conversion share.

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

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 new shares on 3 January 2020. The Convertible Bonds entitle the holders 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 and no conversion shares has been allotted or issued from the conversion of the Convertible Bonds 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 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.

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. During the Reporting Period, the net proceeds have been fully utilised to repay i) the principal and accrued interest of other loan in the amount of approximately HKD38,000,000 and ii) interest of the Convertible Bonds in the amount of approximately HKD6,097,000.

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.

Save as disclosed in this report, the Group did not have other capital raising activity during the Reporting Period.

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 report, 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.

Material Acquisition and Disposal

Save as disclosed in this report, there were no material acquisition and disposal of subsidiaries and associated companies by the Group for the Reporting Period.

Management Discussion and Analysis

Pledge of Assets

As at 30 June 2020, 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 RMB261,245,000 in total (31 December 2019: approximately RMB273,629,000), and trade and other receivables with a carrying value of approximately RMB279,018,000 (31 December 2019: approximately RMB265,840,000) as securities for the borrowings obtained by the Group. As at 30 June 2020, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 30 June 2020, the Group had no material contingent liabilities.

Employees and Remuneration Policies

As at 30 June 2020, the Group had approximately 126 full-time employees (31 December 2019: approximately 130 employees) in Hong Kong and the PRC in respect of the Group's operations. For the Reporting Period, the relevant staff costs (including Directors' remuneration) were approximately RMB19,747,000 (for the six months ended 30 June 2019: approximately RMB19,622,000). The Group's remuneration and bonus packages were given based on the performance of its employees in accordance with the general standards of the Group's salary policies.

Events after the Reporting Period

The Group did not have any significant events since the end of the Reporting Period and up to the date of this report.

FUTURE PROSPECTS

The PRC government has unswervingly implemented the new concept of green development. By taking green development as a guide, China would actively build a modern economic system, accelerate the development of energy-saving and environmental protection industries, vigorously develop clean energy, improve the level of utilization of clean energy and promote comprehensive conservation and recycling of resources.

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.

Despite the economic slowdown of PRC caused by COVID-19 pandemic, the overall momentum of economic development in the PRC remains stable and positive in the longrun.

Looking ahead, the Group will continue to strengthen its wind farms 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 farms 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.

Disclosure of Interests

(A) INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

As at 30 June 2020, save as disclosed below, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors or chief executives of the Company is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**"):

Long positions in shares and underlying shares of the Company

Name of Director	Number of shares/underlying shares Corporate interests	 Convertible Bonds	 Total	Approximate percentage of shareholdings *(Note 3)*
Zhang Zhixiang ("**Mr. Zhang**")	446,174,325 *(Note 1)*	619,332,631 *(Note 2)*	1,065,506,956	53.84%

Notes:

1. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era Holdings Limited ("**Diamond Era**"). As at 30 June 2020, Diamond Era was interested in 446,174,325 shares. Mr. Zhang is deemed, or taken to be, interested in the shares of the Company in which Diamond Era is interested for the purpose of the SFO.

2. Filled Converge is wholly-owned by Mr. Zhang which holds the Convertible Bonds issued by the Company in the principal amount of HK$294,183,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 619,332,631 new shares will be issued to Filled Converge, representing approximately 23.46% of total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 30 June 2020.

3. Based on the total number of issued shares (i.e. 1,979,140,800) of the Company as at 30 June 2020.

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2020, save as disclosed below, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Number of Shares & Underlying Shares held/ interested	Nature of interest	Position	Approximate percentage of shareholdings *(Note 3)*
Diamond Era *(Note 1)*	446,174,325	Beneficial owner	Long	22.54%
Filled Converge *(Note 2)*	619,332,631	Beneficial owner	Long	31.29%

Notes:

1. As at 30 June 2020, Diamond Era was interested in 446,174,325 shares. Diamond Era is wholly-owned by Mr. Zhang, an executive Director.

2. Filled Converge is wholly-owned by Mr. Zhang which holds the Convertible Bonds issued by the Company on 25 March 2019 in the principal amount of HK$294,183,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 619,332,631 new shares will be issued to Filled Converge, representing approximately 23.46% of total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 30 June 2020.

3. Based on the total number of issued shares (i.e. 1,979,140,800) of the Company as at 30 June 2020.

Corporate Governance

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Listing Rules on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the Reporting Period except for the deviation as follows:

Chairman and Chief Executive Officer

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, 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 executive Directors. 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 CG Code if necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding Directors' 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**") 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 strictly complied with the required standard set out in the Model Code and the aforesaid code of conduct adopted by the Company for the Reporting Period.

Senior management and those staffs who are more likely to be in possession of unpublished 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 Reporting Period.

Other Information

INTERIM DIVIDEND

The Directors do not recommend any payment of interim dividend for the Reporting Period (for the six months ended 30 June 2019: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company during the Reporting Period.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Shareholders on 1 June 2015, a share option scheme (the "**Scheme**") was adopted by the Company to provide incentives and rewards to eligible persons for their contribution or potential contribution to the Group. The Scheme shall be valid for 10 years from 1 June 2015 and the particulars of the Scheme were set out in the 2019 Annual Report of the Company.

No option has been granted under the Scheme during the periods ended 30 June 2019 and 2020.

As at 30 June 2020, no option was outstanding (30 June 2019: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public for the Reporting Period and up to the date of this report.

Other Information

REMUNERATION COMMITTEE

The Company has set up a remuneration committee which is comprised of Ms. Hu Xiaolin (chairman), Mr. Zhang Zhixiang, Mr. Qu Weidong and Mr. Jiang Senlin as at the date of this report.

NOMINATION COMMITTEE

The Company has set up a nomination committee which is comprised of Mr. Qu Weidong (chairman), Mr. Zhang Zhixiang, Ms. Hu Xiaolin and Mr. Jiang Senlin as at the date of this report.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") which comprises Mr. Jiang Senlin (chairman), Mr. Qu Weidong and Ms. Hu Xiaolin as at the date of this report, all being independent non-executive Directors. The Audit Committee has reviewed the unaudited financial results of the Group for the Reporting Period. The Audit Committee has also discussed matters such as internal control and risk management adopted by the Group and the financial reporting matters of the Group for the Reporting Period.

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**176,149**	202,839
Cost of sales		**(110,419)**	(97,055)
Gross profit		**65,730**	105,784
Interest income		**146**	5,783
Other revenue and net income		**13,116**	24,133
Administrative expenses		**(16,414)**	(37,039)
Profit from operations		**62,578**	98,661
Finance costs	*4*	**(67,848)**	(71,977)
Share of profits less losses of associates		**2,181**	1,545
Share of losses of a joint venture		**(882)**	(681)
(Loss)/profit before taxation	*4*	**(3,971)**	27,548
Income tax	*5*	**(14,096)**	(23,528)
(Loss)/profit for the period		**(18,067)**	4,020
Attributable to:			
Equity shareholders of the Company		**(28,513)**	(19,255)
Non-controlling interests		**10,446**	23,275
(Loss)/profit for the period		**(18,067)**	4,020
Basic and diluted loss per share attributable to the equity shareholders of the Company during the period (RMB)	*7*	**(0.014)**	(0.011)

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss)/profit for the period	**(18,067)**	4,020
Other comprehensive (expense)/income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the PRC	**(17,492)**	(296)
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company	**6,936**	(741)
Net movement in the fair value change in respect of financial asset at fair value through other comprehensive income	**—**	288
Other comprehensive expense for the period (net of tax)	**(10,556)**	(749)
Total comprehensive (expense)/income for the period	**(28,623)**	3,271
Total comprehensive (expense)/income attributable to:		
Equity shareholders of the Company	**(39,069)**	(20,088)
Non-controlling interests	**10,446**	23,359
Total comprehensive (expense)/income for the period	**(28,623)**	3,271

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	1,318,791	1,396,118
Interest in an associate	10	94,984	92,803
Interest in a joint venture	11	3,739	4,621
Right-of-use assets		10,552	12,595
Financial asset at fair value through other comprehensive income		7,500	7,500
Financial asset at fair value through profit or loss		5,225	5,225
Prepayments and other receivables	13	142,861	141,981
Deferred tax assets		4,393	2,920
		1,588,045	1,663,763
Current assets			
Financial assets at fair value through profit or loss		2,201	2,692
Inventories		619	583
Trade receivables	12	256,798	243,620
Prepayments and other receivables	13	616,015	538,140
Cash and cash equivalents		40,928	103,456
		916,561	888,491
Current liabilities			
Trade and other payables	14	170,451	150,219
Borrowings	15	844,308	569,300
Lease liabilities		852	2,343
Current taxation		5,410	2,588
		1,021,021	724,450

Condensed Consolidated Financial Statements

	Note	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Net current (liabilities)/assets		**(104,460)**	164,041
Total assets less current liabilities		**1,483,585**	1,827,804
Non-current liabilities			
Borrowings	*15*	**661,255**	1,014,646
Deferred tax liabilities		**21,178**	22,805
		682,433	1,037,451
Net assets		**801,152**	790,353
Capital and reserves			
Share capital	*16*	**17,286**	15,677
Reserves		**522,709**	523,965
Total equity attributable to equity shareholders of the Company		**539,995**	539,642
Non-controlling interests		**261,157**	250,711
Total equity		**801,152**	790,353

Approved and authorised for issue by the board of Directors on 28 August 2020.

Zhang Zhixiang
Director

Ning Zhongzhi
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to equity shareholders of the Company									
	Share capital	**Share premium**	**Statutory reserves**	**Translation reserve**	**Convertible notes/bonds reserve**	**Fair value reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2019 (unaudited)	15,677	1,454,336	66,582	(6,320)	50,328	697	(954,950)	626,350	252,169	878,519
(Loss)/profit for the period	–	–	–	–	–	–	(19,255)	(19,255)	23,275	4,020
Other comprehensive (expense)/income	–	–	–	(1,037)	–	204	–	(833)	84	(749)
Total comprehensive (expense)/income	–	–	–	(1,037)	–	204	(19,255)	(20,088)	23,359	3,271
Transfer to statutory reserves	–	–	8,568	–	–	–	(8,568)	–	–	–
Further acquisition of a subsidiary	–	–	–	–	–	–	(694)	(694)	(306)	(1,000)
Issue of convertible bonds	–	–	–	–	17,879	–	–	17,879	–	17,879
Recognition of deferred tax liabilities relating to issuance of the convertible bonds	–	–	–	–	(832)	–	–	(832)	–	(832)
Redemption of convertible notes	–	–	–	–	(28,033)	–	28,033	–	–	–
Extinguishment upon extension of the convertible notes	–	–	–	–	(22,295)	–	22,295	–	–	–
Recognition upon extension of the convertible notes	–	–	–	–	11,796	–	–	11,796	–	11,796
Recognition of deferred tax liabilities relating to extension of the convertible notes	–	–	–	–	(1,947)	–	–	(1,947)	–	(1,947)
Balance at 30 June 2019 (unaudited)	15,677	1,454,336	75,150	(7,357)	26,896	901	(933,139)	632,464	275,222	907,686
Balance at 1 January 2020 (unaudited)	15,677	1,454,336	75,528	(15,555)	17,047	901	(1,008,292)	539,642	250,711	790,353
(Loss)/profit for the period	–	–	–	–	–	–	(28,513)	(28,513)	10,446	(18,067)
Other comprehensive (expense)/income	–	–	–	(10,556)	–	–	–	(10,556)	–	(10,556)
Total comprehensive (expense)/income	–	–	–	(10,556)	–	–	(28,513)	(39,069)	10,446	(28,623)
Transfer to statutory reserves	–	–	4,413	–	–	–	(4,413)	–	–	–
Placing of shares	1,609	37,813	–	–	–	–	–	39,422	–	39,422
Balance at 30 June 2020 (unaudited)	17,286	1,492,149	79,941	(26,111)	17,047	901	(1,041,218)	539,995	261,157	801,152

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from operating activities	**93,717**	105,732
Net cash (used in)/generated from investing activities	**(19,029)**	2,441
Net cash used in financing activities	**(136,605)**	(51,691)
Net (decrease)/increase in cash and cash equivalents	**(61,917)**	56,482
Cash and cash equivalents at beginning of the period	**103,456**	62,491
Effect of foreign exchange rate changes	**(611)**	3,749
Cash and cash equivalents at end of the period	**40,928**	122,722

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

The unaudited condensed consolidated interim financial information (the "**Interim Financial Statements**") has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Interim Financial Statements should be read in conjunction with the financial statements for the year ended 31 December 2019. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the financial statements for the year ended 31 December 2019.

2. Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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.

3. Revenue

The principal activity of the Group is wind power generation.

Revenue for the Reporting Period 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:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Wind power generation revenue	**129,469**	150,428
Wind power generation subsidies	**49,176**	55,790
Business tax and surcharges	**(2,496)**	(3,379)
Sales of electricity	**176,149**	202,839

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

4. (Loss)/profit before taxation

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

		For the six months ended 30 June	
		2020	2019
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
(a)	**Finance costs:**		
	Interest expenses on bank loans and other loans	**29,562**	32,848
	Interest expenses on bonds	**8,009**	7,454
	Interest expenses on convertible notes	**—**	21,759
	Interest expenses on convertible bonds	**20,169**	9,762
	Interest expenses on notes payables	**10,060**	—
	Lease interests	**48**	154
	Total interest expenses	**67,848**	71,977
(b)	**Staff costs (including Directors' remuneration):**		
	Directors' remuneration (including retirement benefit scheme contributions)	**3,240**	2,510
	Other staff costs	**16,442**	17,013
	Retirement benefit scheme contributions (excluding Directors)	**65**	99
	Total staff costs	**19,747**	19,622
(c)	**Other items:**		
	Depreciation of right-of-use assets	**1,363**	1,511
	Depreciation of property, plant and equipment	**77,466**	78,523
	Net foreign exchange losses/(gains)	**123**	(290)
	Short term lease charges	**135**	141
	Government subsidy income related to value added tax refund	**(11,077)**	(18,694)
	Share-based payment arising from the issue of convertible bonds	**—**	21,255

5. Income tax

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Taxation expenses include:		
Current tax — PRC Enterprise Income Tax	**17,193**	27,727
Deferred tax	**(3,097)**	(4,199)
	14,096	23,528

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived in Hong Kong during the Reporting Period (for the six months ended 30 June 2019: Nil).

Pursuant to Caishui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, Hongsong, which is engaged in public infrastructure with projects which were set up after 1 January 2008, is entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from its respective year in which the first operating income was derived ("**3+3 tax holiday**"). Accordingly, Hongsong's certain profit, derived from public infrastructure projects which were set up after 1 January 2008, was exempted from the PRC Enterprise Income Tax ("**EIT**").

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries is 25% during the six months ended 30 June 2020 and 2019.

The Law of the PRC EIT 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.

6. Interim dividend

The Directors do not recommend any distribution of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

7. **Loss per share**

(a) ***Basic loss per share***

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company for the six months ended 30 June 2020 of approximately RMB28,513,000 (for the six months ended 30 June 2019: loss of approximately RMB19,255,000).

The weighted average number of approximately 1,977,163,000 ordinary shares (for the six months ended 30 June 2019: approximately 1,799,141,000 ordinary shares) in issue during the Reporting Period.

(b) ***Diluted loss per share***

Diluted loss per share for the six months ended 30 June 2020 and 2019 are equal to basic loss per share because (i) there are no dilutive potential ordinary shares for the Company's outstanding options; and (ii) the impact of the convertible bonds/notes outstanding has an anti-dilutive effect on the basic loss per share amounts presented.

8. **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 assessing segment performance and allocating resources among segments. For the relevant periods, the Group has one primary operating segment of wind farms operation. This segment uses 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 of the reportable segment on the following basis:

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

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

8. **Segment reporting** — Continued

(a) ***Segment results, assets and liabilities*** — Continued

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, the management is provided with the 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 the segment performance for the six months ended 30 June 2020 and 30 June 2019 is set out below:

For the six months ended 30 June 2020 (unaudited):

	Wind farms operation *RMB'000*	**Un-allocated** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**176,149**	**—**	**176,149**
Reportable segment profit	**45,051**	**1,941**	**46,992**
Central administrative costs	**—**	**(8,865)**	**(8,865)**
Central finance costs	**—**	**(42,098)**	**(42,098)**
Loss before taxation			**(3,971)**
Income tax			**(14,096)**
Loss for the period			**(18,067)**

8. Segment reporting — Continued

(a) Segment results, assets and liabilities — Continued

For the six months ended 30 June 2019 (unaudited):

	Wind farms operation *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Reportable segment revenue	202,839	—	202,839
Reportable segment profit	102,365	4,600	106,965
Central administrative costs	—	(30,721)	(30,721)
Central finance costs	—	(48,696)	(48,696)
Profit before taxation			27,548
Income tax			(23,528)
Profit for the period			4,020

	Wind farms operation ***RMB'000***	**Un-allocated** ***RMB'000***	**Total** ***RMB'000***
As at 30 June 2020 (unaudited)			
Assets	**2,061,613**	**344,270**	**2,405,883**
Associate	**—**	**94,984**	**94,984**
Joint venture	**—**	**3,739**	**3,739**
Reportable segment assets	**2,061,613**	**442,993**	**2,504,606**
Reportable segment liabilities	**(1,089,715)**	**(613,739)**	**(1,703,454)**
As at 31 December 2019 (audited)			
Assets	2,164,862	289,968	2,454,830
Associate	—	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)

8. Segment reporting — Continued

(b) Geographic information

In determining the Group's geographical segment, revenues and results are attributed to the segment based on the location of the customers, and assets are attributed to the segment 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.

9. Property, plant and equipment

For the six months ended 30 June 2020, the Group acquired property, plant and equipment (including construction in progress) amounting to approximately RMB139,000 (for the six months ended 30 June 2019: approximately RMB6,559,000).

10. Interest in an associate

	As at 30 June 2020 *RMB'000* **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Unlisted investments:		
Share of net assets	**89,937**	87,756
Goodwill	**5,047**	5,047
	94,984	92,803

In year 2019, the Company has disposed of 12.5% of the issued share capital of Candice Group Limited, which subsequently becomes a financial assets at fair value through profit or loss of the Company. The Group recognised a gain of approximately RMB1,594,000 as a result of the disposal. The gain was included in other revenue and net income.

10. Interest in an associate — Continued

Details of the associate at the end of the Reporting Period are as follow:

Name of associate	Place of establishment and operation	Particulars of registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Shenzhen Qianhai Jiefeng Financing and Leasing Limited** 深圳前海捷豐融資租賃有限公司	PRC	Registered capital USD35,000,000 (of which USD24,725,696, has been paid up)	45.13%	—	49%	Financial leasing, purchase of leased assets, lease advisory and guarantees

** private limited liability company

11. Interest in a joint venture

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Unlisted investments:		
Share of net assets	**3,739**	4,621

Details of the joint venture, which is accounted for using the equity method in the condensed consolidated financial statements, at the end of the Reporting Period are as follows:

Name of joint venture	Place of establishment and operation	Particulars of registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Poly Wealth Securities Limited 保興滙財證券有限公司	Hong Kong	Issued share capital HK$20,000,000	50%	—	50%	Trading of securities

12. Trade receivables

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Trade receivables	**258,828**	245,650
Less: allowance for doubtful debts	**(2,030)**	(2,030)
	256,798	243,620

Trade receivables are net of allowance for doubtful debts of approximately RMB2,030,000 (31 December 2019: approximately RMB2,030,000) with the following ageing analysis as at 30 June 2020 and 31 December 2019:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Within three months	**36,854**	81,841
More than three months but within one year	**82,456**	75,623
More than one year	**137,488**	86,156
	256,798	243,620

The Group's trade receivables are mainly wind power electricity sales receivable from local grid companies. Generally, the receivables 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.

13. Prepayments and other receivables

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Other receivables	310,403	288,758
Less: allowance for doubtful debts	(8,406)	(8,274)
	301,997	280,484
Loan receivables	245,191	226,155
Less: allowance for doubtful debts	(9,000)	(9,000)
	236,191	217,155
Amount due from an associate	29,189	29,189
Amount due from non-controlling interest	7,498	2,498
Loans and receivables	574,875	529,326
Deposit for other loans	22,220	22,220
Prepayments and other deposits	161,781	128,575
	758,876	680,121
Less: Non-current portion of — Prepayments for acquisition of property, plant and equipment and other long-term receivables	(142,861)	(141,981)
Total current portion of prepayments and other receivables	616,015	538,140

14. Trade and other payables

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Trade payables	1,396	4,032
Accrual and other payables	111,155	67,756
Payables on acquisition of property, plant and equipment	11,806	11,962
Payables on acquisition of a subsidiary and a joint venture	22,093	22,093
Other tax payables	3,326	7,180
Amounts due to directors	690	313
Amounts due to non-controlling interest	19,985	36,883
Financial liabilities measured at amortised cost	170,451	150,219

The ageing analysis of trade payables as at 30 June 2020 and 31 December 2019 is set out below:

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)
Within three months	772	3,851
More than three months but within one year	526	77
More than one year	98	104
	1,396	4,032

15. Borrowings

The analysis of the carrying amount of borrowings is as follows:

	As at 30 June 2020 *RMB'000* (unaudited)	As at 31 December 2019 *RMB'000* (audited)
Bank loans	473,250	492,331
Bonds	158,560	149,498
Convertible bonds *(note b)*	312,230	297,498
Notes payables *(note a)*	149,517	154,217
Other loans	412,006	490,402
	1,505,563	1,583,946
Analysis as:		
Current	844,308	569,300
Non-current	661,255	1,014,646
	1,505,563	1,583,946

All of the non-current borrowings are carried at amortised cost. None of the non-current borrowings is expected to be settled within one year.

The movement of equity and liabilities components are as follows:

	CB *(note b)* RMB'000
Equity component:	
As at 1 January 2020 (unaudited) and 30 June 2020 (unaudited)	17,047
Liability component:	
As at 1 January 2020 (unaudited)	297,498
Interest charged	20,169
Settlement of interests	(11,405)
Exchange realignment	5,968
As at 30 June 2020 (unaudited)	312,230

15. Borrowings — Continued

	First CN *(note a)* ***RMB'000***	Second CN *(note c)* ***RMB'000***	CB *(note b)* ***RMB'000***	Total ***RMB'000***
Equity component:				
As at 1 January 2019 (unaudited)	22,295	28,033	—	50,328
Issued during the period	—	—	17,879	17,879
Redeemed during the period	—	(28,033)	—	(28,033)
Extinguishment upon extension of the convertible notes	(22,295)	—	—	(22,295)
Recognition upon extension of the convertible notes	11,796	—	—	11,796
Recognition of deferred tax liabilities in respect of issuance of convertible notes/bonds	(1,947)	—	(832)	(2,779)
As at 30 June 2019 (unaudited)	9,849	—	17,047	26,896
Liability component:				
As at 1 January 2019 (unaudited)	141,823	151,534	—	293,357
Issued during the period	—	—	271,531	271,531
Interest charged	16,190	5,569	9,762	31,521
Settlement of interests	(5,934)	(4,164)	(5,528)	(15,626)
Extinguishment upon extension of the convertible notes	(151,145)	—	—	(151,145)
Recognition upon extension of the convertible notes	139,270	—	—	139,270
Redeemed during the period	—	(149,024)	—	(149,024)
Exchange realignment	296	(3,915)	8,458	4,839
As at 30 June 2019 (unaudited)	140,500	—	284,223	424,723

a) Convertible Notes Due 15 December 2019 (the "First CN") and Notes Payables

On 15 June 2016, the Company issued convertible notes at an aggregate principal amount of HKD171,600,000 (the "**First CN**") and a maturity date of 15 December 2017. The net proceeds from the issue of the First CN, after deducting the placing agent's commission and other related expenses payable by the Company, amounted to approximately HKD167,900,000. The First CN are interest bearing at 8% p.a., payable quarterly. For the First CN being redeemed or being converted, interest accrued and unpaid on the First CN up to the date of redemption or on the date of conversion, as the case may be, will be payable on those dates.

15. **Borrowings** — Continued

a) ***Convertible Notes Due 15 December 2019 (the "First CN") and Notes Payables*** — Continued

The Company may demand early redemption of part or whole of the outstanding principal amounts of the First CN at any time after six months from issue by giving a notice to the noteholder of not less than five business days. Early redemption of the First CN will be made at par value of the convertible notes plus accrued interest up to the date of redemption.

Noteholders have the right on any business day during the conversion period to convert in whole or in part the outstanding principal amount of the First CN in whole or in integral multiples of HKD1,300,000 into conversion shares at an initial conversion price of HKD0.65 per conversion share (subject to adjustments), subject to and upon compliance with the term and conditions of the convertible notes.

On 12 December 2017, the Company and all the noteholders entered into the Amendment Deed to extend the maturity date from 15 December 2017 to 15 June 2019. Save for the extension of the maturity date, all other terms and conditions of the First CN 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 noteholders entered into 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 First CN 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 First CN 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.

The extension resulted in substantial modification of the terms of the First CN. On 15 June 2019, the liability component of the First CN before extension was extinguished with the corresponding original convertible notes reserve being transferred to the accumulated losses while the liability component of the First CN after extension was newly recognised with the fair value being determined by the prevailing market interest rate of similar non-convertible debts which has been ascertained by RHL Appraisal Limited, an independent valuer. The residual amount was assigned as the equity component and included in shareholders' equity.

15. Borrowings — Continued

a) ***Convertible Notes Due 15 December 2019 (the "First CN") and Notes Payables*** — Continued

Interest expenses on the First CN before and after the second extension were calculated using the effective interest method by applying the effective interest rate of approximately 25% p.a. and 30.89% p.a. to the respective liability component.

On 10 February 2020, the Company and all the noteholders entered into the Third Amendment Deeds to (i) further extend the maturity date (as extended by the Second Amendment Deed) from 15 December 2019 to 15 May 2020; (ii) remove the mechanism set out in the placing agreement in respect of the issue of the First CN dated 26 May 2016 under which the noteholders are entitled to convert the outstanding principal amount of the First CN into conversion shares; (iii) amend the interest rate of the First CN 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 First CN 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.

The extension and removal of conversion options resulted in substantial modification of the terms of the First CN. On 15 December 2019, the liability component of the First CN before extension was extinguished with the corresponding convertible notes reserve was transferred to the accumulated losses while the liability component of the First CN after extension was reclassified as notes payables.

Interest expenses on the notes payables were calculated using the effective interest method by applying the effective interest rate of approximately 12.71% per annum.

During the Reporting Period, the notes payables with principal amount of HKD10,800,000 has been repaid. The Company is currently in negotiation with all the noteholders regarding possible extension of maturity date and amendments to the other terms and conditions of the remaining balance of the notes payables.

As at 30 June 2020 and 31 December 2019, principal amount of HKD160,800,000 and HKD171,600,000 respectively of the notes payables remained outstanding.

15. Borrowings — Continued

b) Convertible Bonds (the "CB")

On 31 December 2018, the Company, Filled Converge and 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 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 HK$0.485 per conversion share.

The Company may demand early redemption of any amount of the outstanding principal amounts of the convertible bonds at any time after nine months from issue by giving a notice to the bondholder of not less than ten business days. Early redemption of the convertible bonds will be made at par value of the convertible bonds plus accrued interest up to the date of redemption.

Bondholders have the right on any business day during the conversion period to convert in whole or in part the outstanding principal amount of the convertible bonds in whole or in integral multiples of HKD1,000 into conversion shares at an initial conversion price of HKD0.485 per conversion share (subject to adjustments).

On initial recognition on 25 March 2019, the fair value of the equity component and liability component (determined using the prevailing market interest rate of similar non-convertible debts) of convertible bonds as a whole has been ascertained by an independent valuer, Chung Hin Appraisal Limited.

Interest expenses on the convertible bonds was calculated using the effective interest method by applying the effective interest rate of approximately 14.04% to the respective liability component.

c) Convertible Notes Due 11 May 2019 (the "Second CN")

On 11 May 2018, the Company issued convertible notes at an aggregate principal amount of HKD174,115,000 (the "**Second CN**") and a maturity date of 11 May 2019 with a renewal period of another twelve months subject to mutual consent of the Company and the noteholders. The net proceeds from the issue of the Second CN, after deducting the placing agent's commission and other related expenses payable by the Company, amounted to approximately HKD172,293,000. The Second CN are interest bearing at 6.5% p.a. payable quarterly. For the Second CN being redeemed or being converted, interest accrued and unpaid on the Second CN up to the date of redemption or on the date of conversion, as the case may be, will be payable on those dates.

15. Borrowings — Continued

c) *Convertible Notes Due 11 May 2019 (the "Second CN")* — Continued

The Company may demand early redemption of part or whole of the outstanding principal amounts of the Second CN at any time after six months from issue by giving a notice to the noteholders of not less than five business days. Early redemption of the Second CN will be made at par value of the Second CN plus accrued interest up to the date of redemption.

Noteholders have the right on any business day during the conversion period to convert in whole or in part the outstanding principal amount of the Second CN in whole or in integral multiples of HKD485,000 into conversion shares at an initial conversion price of HKD0.485 per conversion share (subject to adjustments), subject to and upon compliance with the term and conditions of the Second CN. The Second CN was fully redeemed during the six months ended 30 June 2019.

16. Share capital

	As at 30 June 2020		As at 31 December 2019	
	No. of shares *'000* (unaudited)	Amount *RMB'000* (unaudited)	No. of shares *'000* (audited)	Amount *RMB'000* (audited)
Authorised:				
Ordinary shares of HKD0.01 each	10,000,000	87,912	10,000,000	87,912
Ordinary shares, issued and fully paid:				
At beginning of the period	1,799,141	15,677	1,799,141	15,677
Placing of shares *(note)*	180,000	1,609	—	—
At the end of the period	1,979,141	17,286	1,799,141	15,677

Note:

On 4 December 2019, the Company entered into a placing agreement with a sole placing agent in respect of the placement of 180,000,000 ordinary shares of HK$0.01 each to independent investors at a placing price of HK$0.25 per share. The placement was completed on 3 January 2020 and the premium on the issue of ordinary shares, amounting to approximately HK$42,297,000 (equivalent to RMB37,813,000), net of share issue expenses of HK$903,000 (equivalent to RMB808,000), was credited to the Company's share premium account.

17. Commitments

Capital commitments not provided for in the condensed consolidated financial statements are as follows:

	As at 30 June 2020 *RMB'000* **(unaudited)**	As at 31 December 2019 *RMB'000* (audited)
Contracted for:		
Capital injection in subsidiaries	**960,830**	955,731
Capital injection in an associate	**42,334**	41,723
Acquisition of property, plant and equipment	**44,052**	46,607
	1,047,216	1,044,061

18. Fair value measurement of financial instruments

a) Financial assets and liabilities measured at fair value

Fair value hierarchy

Fair value measurement has been categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

i. Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

ii. Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

iii. Level 3 valuations: Fair value measured using significant unobservable inputs.

18. Fair value measurement of financial instruments — Continued

a) Financial assets and liabilities measured at fair value — Continued

Recurring fair value measurement

	Fair value measurements as at 30 June 2020 categorised into			
	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Recurring fair value measurement				
Assets:				
Financial assets at fair value through profit or loss	**2,201**	**5,225**	**—**	**7,426**
Financial asset at fair value through other comprehensive income	**—**	**—**	**7,500**	**7,500**

	Fair value measurements as at 31 December 2019 categorised into			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Recurring fair value measurement				
Assets:				
Financial assets at fair value through profit or loss	2,692	5,225	—	7,917
Financial asset at fair value through other comprehensive income	—	—	7,500	7,500

During the Reporting Period, there were no significant transfer between instruments in Level 1 and Level 2 and no transfer into or out of Level 3 (2019: Nil).

18. Fair value measurement of financial instruments — Continued

a) Financial assets and liabilities measured at fair value — Continued

Recurring fair value measurement — Continued

The movement during the periods in the balance of Level 3 fair value measurement is as follows:

	2020	2019
	RMB'000	*RMB'000*
Financial asset at fair value through other comprehensive income:		
At 1 January (unaudited)	**7,500**	7,212
Net unrealised gains recognised in other comprehensive income during the period	**—**	288
At 30 June (unaudited)	**7,500**	7,500

The net unrealised gains arising from the remeasurement of the unlisted financial asset at fair value through other comprehensive income are recognised in fair value reserve in other comprehensive income.

18. Fair value measurement of financial instruments — Continued

b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements

The Group's management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurement. The management reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the Board of Directors at least twice a year.

Level 2 fair value measurement

Description	Valuation technique	Inputs	30 June 2020 *RMB'000* (unaudited)	31 December 2019 *RMB'000* (audited)
Equity investments at fair value through profit or loss	Market approach	Comparable transactions	**5,225**	5,225

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

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	30 June 2020 *RMB'000* (unaudited)	31 December 2019 *RMB'000* (audited)
Financial asset at fair value through other comprehensive income	Asset approach	Net assets	Increase	**7,500**	7,500

19. Material related party transactions

In addition to the remuneration of the Company's Directors who are also the key management of the Group as set out in Note 4(b), the Group did not enter into any material transaction with related parties of the Group during the six months ended 30 June 2020.

20. Approval of financial statements

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 28 August 2020.