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)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

This announcement is the revised version to replace and supersede the announcement of China Ruifeng Renewable Energy Holdings Limited (the "**Company**") dated 31 March 2022 in relation to, among other things, the unaudited annual results announcement for the year ended 31 December 2021.

The board (the "**Board**") of directors (the "**Directors**") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021, together with the comparative audited figures for the year ended 31 December 2020. For the reasons explained below headed "REVIEW OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021", the audit process for the final results of the Group for the year ended 31 December 2021 has not been completed.

FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*3*	**352,407**	346,401
Cost of sales		**(239,637)**	(223,028)
Gross profit		**112,770**	123,373
Interest income		**13,577**	7,417
Other income		**21,767**	23,692
Other gains/(losses)		**2,635**	(421)
Administrative expenses		**(71,559)**	(45,504)
Provision for expected credit losses on trade and other receivables	*8*	**(234,171)**	(47,700)
Impairment loss on property, plant and equipment		**(40,657)**	—

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Operating (loss)/profit		**(195,638)**	60,857
Finance costs		**(146,663)**	(140,271)
Share of losses of associates		**(148)**	(92,803)
Share of loss of a joint venture		**(154)**	(1,660)
Loss before income tax		**(342,603)**	(173,877)
Income tax expense	*5*	**(16,075)**	(30,096)
Loss for the year		**(358,678)**	(203,973)
Loss for the year attributable to:			
— the owners of the Company		**(368,557)**	(213,010)
— non-controlling interests		**9,879**	9,037
		(358,678)	(203,973)
Loss per share attributable to the owners of the Company (in RMB)			
Basic and diluted	*6*	**(0.186)**	(0.108)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
Loss for the year	**(358,678)**	(203,973)
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Exchange difference arising on translation of foreign operations outside the People's Republic of China (the "**PRC**" or China)	**23,073**	51,736
Item that may not be reclassified to profit or loss:		
Exchange difference arising on translation of the Company	**(6,477)**	(16,256)
Change in fair value of financial assets at fair value through other comprehensive income	**(1,676)**	665
Other comprehensive income for the year, net of tax	**14,920**	36,145
Total comprehensive loss for the year	**(343,758)**	(167,828)
Total comprehensive loss for the year attributable to:		
— the owners of the Company	**(353,150)**	(177,058)
— non-controlling interests	**9,392**	9,230
	(343,758)	(167,828)

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	**2021** *RMB'000*	2020 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,063,660**	1,246,848
Right-of-use assets		**25,382**	9,610
Interests in associates		**2,614**	—
Interest in a joint venture		**—**	2,961
Financial assets at fair value through other comprehensive income		**6,489**	8,165
Financial assets at fair value through profit or loss		**5,225**	5,225
Prepayments and other receivables	*8*	**168,499**	164,281
		1,271,869	1,437,090
Current assets			
Inventories		**680**	618
Trade and other receivables	*8*	**719,475**	800,142
Financial assets at fair value through profit or loss		**1,688**	2,100
Cash and cash equivalents		**243,295**	858,837
		965,138	1,661,697
Total assets		**2,237,007**	3,098,787
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**17,286**	17,286
Reserves		**55,236**	384,720
		72,522	402,006
Non-controlling interests		**208,666**	231,217
Total equity		**281,188**	633,223

	Notes	2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**894**	—
Borrowings		**1,120,916**	1,386,070
Deferred income tax liabilities		**14,090**	19,194
Deferred income		**607**	—
		1,136,507	1,405,264
Current liabilities			
Trade and other payables	*9*	**230,270**	207,837
Borrowings		**582,801**	835,562
Lease liabilities		**1,199**	—
Current income tax liabilities		**4,962**	16,901
Deferred income		**80**	—
		819,312	1,060,300
Total liabilities		**1,955,819**	2,465,564
Total equity and liabilities		**2,237,007**	3,098,787

1 General information

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

The Company's registered office is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1–1108, Cayman Islands. The principal place of business of the Company is Room 1002, 10/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 9 June 2006.

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

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

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, which is carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) *New and amended standards adopted by the Group*

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform (Amendments)
Amendments to HKFRS 16	Covid-19-Related Rent concessions (Amendments)

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

(b) *New standards and interpretations not yet adopted*

The following new standards and interpretations have been published that are not mandatory for the year ended 31 December 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Annual Improvements Project	Annual Improvements 2018–2020 Cycle (Amendments)	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37	Narrow-Scope Amendments (Amendments)	1 January 2022
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 — Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)	1 January 2023
HKAS 8	Definition of Accounting Estimates (amendments)	1 January 2023
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

3 Revenue

Disaggregation of revenue from contracts with external customers

	2021	2020
	RMB'000	*RMB'000*
— Sales of electricity	**258,591**	256,301
— Tariff adjustment	**96,179**	94,997
— Business tax and surcharges	**(4,782)**	(4,897)
— Incineration of medical wages	**2,419**	—
	352,407	346,401

Revenue mainly represents revenue arising on sales of electricity which is recognised at a point in time. Substantially, most of the revenue was derived from electricity sales to local grid companies in the PRC for the years ended 31 December 2021 and 2020.

For sales of electricity, the Group generally entered into power purchase agreements with local grid companies which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer. Except for trade receivables relating to tariff adjustment, the Group generally grants 30 days to customers from date of invoice in accordance with the relevant power purchase agreements between the Group and the respective local grid companies. The Group will complete the remaining performance obligations in accordance with the relevant terms as stipulated in the power purchase agreements and the remaining aggregated transaction price will be equal to the quantity of electricity that can be generated and transmitted to the customers times the stipulated price per watt hour.

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

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

Revenue arising from the incineration of medical wastage is recognised over the period.

4 Segment information

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

During the year ended 31 December 2021, the Group had one (2020: one) reportable operating segment, which was provision of wind power. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Geographic Information

(a) Revenue from external customers

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

(b) Non-current assets

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

	2021	2020
	RMB'000	*RMB'000*
Hong Kong	**3,551**	2,968
The PRC	**1,088,105**	1,256,451
	1,091,656	1,259,419

Key Customers

For the year ended 31 December 2021, there was one customer (2020: one) which individually contributed over 10% of the Group's total revenue, the revenue contributed from this customer was as follows:

	2021	2020
	RMB'000	*RMB'000*
Customer A	**349,988**	346,401

5 Income tax expense

Hong Kong Profits Tax has been provided at the two-tiered rate of 8.25% for the first HK$2,000,000 of the estimated assessable profit of the qualifying group entity and 16.5% on the remaining estimated assessable profit of the Group for the years ended 31 December 2021 and 2020. 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 (2020: Nil).

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

Pursuant to Caishui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, Hebei Hongsong Wind Power Co., Ltd ("**Hongsong**"), is engaged in public infrastructure projects which are 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 with first operating income ("**3+3 tax holiday**"). Accordingly, Hongsong's certain profit, derived from public infrastructure projects which are 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% in 2021 and 2020.

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

An analysis of the income tax expense is as follows:

	2021	2020
	RMB'000	*RMB'000*
PRC Corporate income tax		
Current year	**20,249**	29,544
Withholding tax	**832**	1,031
Deferred income tax	**(5,006)**	(479)
	16,075	30,096

6 Loss per share

(a) Basic loss per share

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

	2021	2020
Loss attributable to the owners of the Company *(RMB'000)*	**(368,557)**	(213,010)
Weighted average number of ordinary shares in issue *(thousands)*	**1,979,141**	1,978,157
Basic loss per share *(RMB)*	**(0.186)**	(0.108)

(b) Diluted loss per share

Diluted loss per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the year ended 31 December 2021, the Group has three (2020: one) categories of potential ordinary shares: convertible bonds, share options and warrants (2020: convertible bonds).

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

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

Convertible bonds, share options and warrants (2020: convertible bonds) were not assumed to be exercised as they would have an anti-dilutive impact to the loss attributable to the owners of the Company for the years ended 31 December 2021 and 2020. Accordingly, diluted loss per share for the years ended 31 December 2021 and 2020 are same as that of basic loss per share.

7 Dividends

No dividend has been declared or paid by the Company for the year ended 31 December 2021 (2020: Nil).

8 Trade and other receivables

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**347,159**	275,765
Less: provision for loss allowance	**(2,030)**	(2,030)
	345,129	273,735
Prepayments, deposits, and other receivables	**542,845**	690,688
	887,974	964,423
Less: Non-current portion of prepayments for acquisition of property, plant and equipment and investments and other long-term receivables	**(168,499)**	(164,281)
	719,475	800,142

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

As at 31 December 2021, the Group has pledged certain of its trade receivables with carrying values of approximately RMB343,136,000 (2020: approximately RMB273,718,000) to secure its bank and other loans.

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

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**84,648**	81,213
91 to 360 days	**73,431**	67,709
More than 1 year	**187,050**	124,813
	345,129	273,735

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

As at 31 December 2021, trade receivables of the Group amounting to approximately RMB2,030,000 (2020: approximately RMB2,030,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 1 year as at 31 December 2021 or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

Prepayments, deposits, and other receivables

	2021	2020
	RMB'000	*RMB'000*
Other receivables	**362,268**	338,557
Less: provision for loss allowance	**(187,438)**	(17,853)
	174,830	320,704
Loan receivables	**249,630**	243,642
Less: provision for loss allowance	**(77,431)**	(17,420)
	172,199	226,222
Amount due from an associate	**29,187**	29,187
Less: provision for loss allowance	**(29,187)**	(29,187)
	—	—
Amount due from non-controlling interest	**4,800**	7,498
Less: provision for loss allowance	**—**	—
	4,800	7,498
Deposits	**25,800**	16,000
Prepayments	**165,216**	120,264
	542,845	690,688
Less: Non-current portion of prepayments for acquisition of property, plant and equipment and investments and other long-term receivables	**(168,499)**	(164,281)
	374,346	526,407

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of the year	**64,460**	17,274
Provision for impairment	**234,171**	47,700
Write-off	**(4,360)**	—
Exchange rerealignment	**(215)**	(514)
At end of the year	**294,056**	64,460

9 Trade and other payables

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**13,202**	2,259
Interest payables	**83,124**	47,784
Other tax payables	**8,025**	6,006
Payables on acquisition of property, plant and equipment	**11,919**	11,900
Payables on acquisition of a subsidiary and a joint venture	**16,894**	22,093
Amounts due to directors	**6,271**	4,519
Amounts due to non-controlling interests	**12,513**	46,704
Other payables and accruals	**78,322**	66,572
	230,270	207,837

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

	2021	2020
	RMB'000	*RMB'000*
1 to 90 days	**6,502**	1,356
Over 90 days	**6,700**	903
	13,202	2,259

The carrying amounts of trade and other payables approximate their fair values and are denominated in RMB.

10 Commitments

As at 31 December 2021, capital commitments outstanding not provided for in the consolidated financial statements are as follows:

	2021	2020
	RMB'000	*RMB'000*
Capital injection in an associate		
— Contracted for	**38,076**	39,117
Acquisition of property, plant and equipment		
— Contracted for	**53,901**	45,015
	91,977	84,132

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group is principally engaged in wind farm operations during the year under review. Operating results for the years ended 31 December 2021 and 31 December 2020 are as follows:

	Year ended 31 December			**Approximate**
			Increase/	**change in**
	2021	2020	**(decrease)**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**352,407**	346,401	6,006	2
Gross profit	**112,770**	123,373	(10,603)	(9)
Operating (loss)/profit	**(195,638)**	60,857	(256,495)	(421)
Loss before income tax	**(342,603)**	(173,877)	168,726	97
Loss for the year	**(358,678)**	(203,973)	154,705	76
Attributable to:				
Equity shareholders of the Company	**(368,557)**	(213,010)	155,547	73
Non-controlling interests	**9,879**	9,037	842	9
Loss for the year	**(358,678)**	(203,973)	154,705	76

		Year ended 31 December	
	Notes	**2021**	2020
Net cash *(RMB'000)*	*1*	**(1,460,422)**	(1,362,795)
Net assets *(RMB'000)*	*2*	**281,188**	633,223
Liquidity ratio	*3*	**118%**	157%
Trade receivables turnover (number of days)	*4*	**322**	275
Trade payables turnover (number of days)	*5*	**12**	5
Earning interest multiple	*6*	**1.34**	0.24
Net debt to capital ratio	*7*	**519%**	215%

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. Loss before interest and taxation/Finance cost

7. Net debt/Equity x 100%

Revenue

During the year under review, the Group's revenue was derived from the business of wind power generation and incineration of medical wastage. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province and Inner Mongolia, the PRC.

Revenue for the year ended 31 December 2021 was approximately RMB352,407,000, representing a slight increase compared to approximately RMB346,401,000 for the year ended 31 December 2020.

Analysis of the Group's revenue for the two years ended 31 December 2021 and 31 December 2020 are set out below:

	2021	2020	**Increase/ (decrease)**	**Approximate change in percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Sales of electricity	**258,591**	256,301	2,290	0.9
Tariff adjustment	**96,179**	94,997	1,182	1
Business tax and surcharges	**(4,782)**	(4,897)	(115)	(2)
Incineration of medical wages	**2,419**	—	2,419	100
Total	**352,407**	346,401	6,006	2

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 2021 accounted for approximately RMB239,637,000 (2020: approximately RMB223,028,000), which represented approximately 68% of the Group's revenue (2020: approximately 64%).

Gross Profit

Gross profit was approximately RMB112,770,000 for the year ended 31 December 2021 (2020: approximately RMB123,373,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin for the year ended 31 December 2021 was approximately 32%, as compared to approximately 36% for the year 31 December 2020.

Other Income and Other Gains/(Losses)

Other income and other gains for the year ended 31 December 2021 was mainly comprised of (i) refund of value-added tax from the PRC government amounted to approximately RMB19,373,000 (2020: approximately RMB20,314,000); (ii) rental income from operating leases amounted to approximately RMB2,301,000 (2020: approximately RMB2,363,000); (iii) waiver of interest payables of other loans amounted to approximately RMB2,517,000 (2020: Nil); and (iv) other government subsidy amounted to approximately RMB64,000 (2020: approximately RMB631,000).

Administrative Expenses

Administrative expenses mainly included salaries and welfare expenses, professional fees, rental expenses, depreciation expenses, office expenses and other taxation expenses. It increased by approximately 57% to approximately RMB71,559,000 for the year ended 31 December 2021 as compared with that of approximately RMB45,504,000 for the year ended 31 December 2020.

The increase was mainly due to the presence of share-based payments arising from the issuance of share options and share warrants amounted to approximately RMB10,300,000 (2020: Nil) and RMB8,565,000 (2020: Nil) respectively.

Provision for Expected Credit Losses on Trade and Other Receivables

Provision for expected credit losses on trade receivables and other receivables amounted to approximately RMB234,171,000 were recognised for the year ended 31 December 2021 (2020: RMB47,700,000). The Group performs impairment assessment under expected credit loss model on trade and other receivables individually. Based on the assessment, the recoverability of certain trade and other receivables was remote and provision of expected credit losses was recognised.

Finance Costs

Finance costs mainly referred to the interest expenses of the Group's borrowings including bank loans and other loans obtained and Corporate Bonds, Notes and Convertible Bonds (as defined below) issued by the Company amounted to approximately RMB146,663,000 for the year ended 31 December 2021 (2020: approximately RMB140,271,000). The slight increase was mainly due to increase in interest expenses of other loans incurred during the year under review.

Taxation

Taxation expenses decreased to approximately RMB16,075,000 for the year ended 31 December 2021 (2020: approximately RMB30,096,000). Such decrease was mainly derived from the decrease in taxable profits of Hongsong.

Loss for the Year

Loss for the year ended 31 December 2021 was approximately RMB358,678,000 (2020: approximately RMB203,973,000). The increase in loss for the year was mainly due to (i) the increase in provision for expected credit losses on trade and other receivables incurred for the year ended 31 December 2021; and (ii) impairment loss on property, plant and equipment for the year ended 31 December 2021 of approximately RMB40,657,000 (2020: Nil) based on impairment assessment.

Loss attributable to the owners of the Company was approximately RMB368,557,000 (2020: approximately RMB213,010,000).

Net Current Assets

Net current assets as at 31 December 2021 was approximately RMB145,826,000 (2020: approximately RMB601,397,000). Decrease in net current assets position as at 31 December 2021 was mainly due to (i) decrease in cash and cash equivalents used to repay bank loans and other loans; and (ii) increase in provision of expected credit losses on trade and other receivables.

Liquidity and Financing

The cash and bank balances as at 31 December 2021 and 31 December 2020 amounted to approximately RMB243,295,000 (mainly denominated in RMB and Hong Kong dollar ("**HK$**") which is comprised of approximately RMB222,751,000 and HK$25,143,000), and approximately RMB858,837,000 respectively.

Total borrowings as at 31 December 2021 amounted to approximately RMB1,703,717,000, representing a decrease by approximately RMB517,915,000 when compared with approximately RMB2,221,632,000 as at 31 December 2020. The decrease in total borrowings was mainly resulted from the repayment of other loans during the year under review.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other external financings. The Group's gearing ratio increased to approximately 87% as at 31 December 2021 from approximately 80% as at 31 December 2020. The ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2021, all of the Group's borrowings were settled in RMB and HK$ and all of the Group's income was denominated in RMB. Interest-bearing borrowings were approximately RMB1,703,717,000 as at 31 December 2021. Among the interest-bearing borrowings of the Group, approximately RMB529,827,000 were fixed-rate loans, while approximately RMB1,173,890,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2021 and up to the date of this announcement, as the Board considered that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuations and interest rate fluctuations in individual transactions.

Issuance of Corporate Bonds

During the year ended 31 December 2021, the Company did not issue additional non-listing corporate bonds (the "**Corporate Bonds**") to investors, and principal amount of HK$100,000 in total were matured and redeemed (for the year ended 31 December 2020: the Company did not issue additional Corporate Bonds; and principal amount of HK$1,000,000 in total were matured and redeemed).

As at 31 December 2021 and 31 December 2020, the principal amount of approximately HK$176,136,000 and HK$176,236,000 of the Corporate Bonds had been issued and had not been repaid respectively. For more details, please refer to the announcements of the Company dated 10 July 2014 and 28 April 2015.

Extension of Notes (previously known as Convertible Notes)

On 26 May 2016, the Company entered into a placing agreement (the "**Placing Agreement**") with Get Nice Securities Limited (the "**Placing Agent**") pursuant to which the Placing Agent has conditionally agreed to procure the placee(s) on a best effort basis during the placing period to subscribe for the convertible notes to be issued by the Company of up to an aggregate principal amount of HK$171,600,000 due 2017, with the conversion rights to convert the outstanding principal amount of the convertible notes into ordinary shares of the Company at an initial conversion price of HK$0.65 per conversion share (the "**Convertible Notes**").

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

On 15 June 2016, the Convertible Notes in the aggregate principal amount of HK$171,600,000 were issued by the Company in accordance with the terms of the Placing Agreement. The net proceeds from the issue of Convertible Notes, after deducting the Placing Agent's commission and other related expenses payable by the Company, amounted to approximately HK$167,900,000.

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

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

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

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

As at 31 December 2021 and 31 December 2020, the principal amount of approximately HK$78,293,000 and HK$160,800,000 of the Notes had been issued and had not been repaid respectively.

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

Issuance of Convertible Bonds

On 31 December 2018, the Company, Filled Converge Limited ("**Filled Converge**") and Well Foundation Company Limited ("**Well Foundation**") entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company conditionally agreed to issue and (i) Filled Converge conditionally agreed to subscribe for the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$294,183,000 and (ii) Well Foundation conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK$19,612,000. The Convertible Bonds are in the aggregate amount of HK$313,795,000 due 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.

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

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

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

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

On 24 March 2021, the Company and the holders of the Convertible Bonds entered into the extension agreements regarding i) to extend the maturity date of the Convertible Bonds for one year from 25 March 2021 to 25 March 2022; and ii) extend the long stop date of the Supplemental Agreements to 24 April 2021, with all the terms and conditions of the Convertible Bonds and Supplemental Agreements remain unchanged. The proposed amendments to the maturity date of the Convertible Bonds shall be approved by the Stock Exchange and also the approval from the shareholders shall be obtained at the extraordinary general meeting. The Supplemental Agreements were lapsed on 24 April 2021 as the conditions precedent could not be fulfilled/waived.

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

None of the rights attached to the Convertible Bonds has been exercised and no conversion shares has been allotted or issued from the conversion of the Convertible Bonds during the year ended 31 December 2021.

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

Issuance of Proposed Convertible Bonds

On 28 January 2022, the Company entered into a subscription agreement (the "**New Subscription Agreement**") with one of the holders of the Convertible Bonds, Filled Converge, in respect of convertible bonds in the principal amount of HK$356,375,000 (the "**Proposed Convertible Bonds**"). Pursuant to the New Subscription Agreement, the Company conditionally agreed to issue and Filled Converge conditionally agreed to subscribe for the Proposed Convertible Bonds in the principal amount of HK$356,375,000. The amounts payable by the Company under the Convertible Bonds are expected to be fully settled through the Proposed Convertible Bonds to be issued by the Company to Filled Converge. The Proposed Convertible Bonds will be due in 2025 at an interest rate of 10% per annum, with the conversion rights to convert the outstanding principal amount of the Proposed Convertible Bonds into the shares at an initial conversion price of HK$0.18 per conversion share.

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

The issuance of Proposed Convertible Bonds shall be approved by the Stock Exchange and the approval from the shareholders shall be obtained at the extraordinary general meeting which will be held on 19 April 2022.

The Company has been under the negotiation and discussion with Well Foundation since January 2021 for settlement of the Convertible Bonds. The Company and Well Foundation have mutually agreed to discuss the settlement plans by the end of 2022 in relation to the outstanding amount payable to Well Foundation under the Convertible Bonds.

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

Capital Raising

On 3 March 2021, the Company entered into the warrant placing agreement with the 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 395,828,160 warrants at a placing price of HK$0.015 per warrant under specific mandate.

The subscription rights attaching to the warrants will be exercisable within eighteen months from the date of the issue of the warrants. Each warrant carries the right to subscribe for one warrant share, assuming full conversion of the subscription rights attaching to the 395,828,160 warrants at the amended warrant exercise price of HK$0.22 per warrant share, a maximum of 395,828,160 warrant shares will be allotted and issued, representing approximately 20.00% of the existing issued share capital of the Company as at the date of the warrant placing agreement; and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the all warrant shares.

The placing of warrants was completed on 5 August 2021. An aggregate of 395,000,000 warrants have been fully placed to not less than six placees at the placing price of HK$0.015 per warrant. The actual net proceeds from the placing, after deduction of the placing agent's commission for the placing and other related expenses, amounted to approximately HK$5,600,000 which will be used for payment of salaries and emoluments.

Assuming full exercise of the subscription rights attaching to the 395,000,000 warrants at the amended warrant exercise price of HK$0.22 per warrant share, it is expected that an additional of approximately HK$86,900,000 will be raised. The Company intends to apply (i) approximately HK$37,000,000 for general working capital purpose including interest payment of the Group's borrowings, payment of legal and professional fees and payment of rental expenses and management fees; and (ii) approximately HK$49,900,000 for future development and potential acquisition of the Group as and when opportunities arise.

None of the rights attached to the warrants has been exercised and no warrant shares has been allotted or issued from the conversion of the warrants up to the date of this announcement.

Further details of the placing of warrant are set out in the announcements of the Company dated 3 March 2021, 16 April 2021, 18 May 2021, 31 May 2021, 4 June 2021, 23 July 2021, 30 July 2021, 5 August 2021 and the circular of the Company dated 8 July 2021.

Save as disclosed in this announcement, the Group did not have other capital raising activity during the year ended 31 December 2021.

Share Option Scheme

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

Material Acquisition and Disposal

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

   On 10 August 2021, Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd.* (承德瑞風新能源風電設備有限公司), a wholly-owned subsidiary of the Company, as the purchaser entered into a sale and purchase agreement with Beijing Guardian Hengxin Environmental Protection Investment Co., Ltd.* (北京嘉德恒信環保投資有限公司) as the vendor, pursuant to which the vendor conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the sale shares representing 100% equity interests in Chengde Jiaheng, at a cash consideration of RMB14,800,000 upon the terms and conditions set out in the sale and purchase agreement. The acquisition was completed on 27 August 2021 and Chengde Jiaheng became a wholly-owned subsidiary of the Company.

   Chengde Jiaheng is principally engaged in incineration of medical wastage and contribute revenue to the Group since September 2021.

2. ***Acquisition of equity interest in CH-Auto Technology Corporation Ltd.* (北京長城華冠汽車科技股份有限公司)("CH-Auto Technology")***

   On 10 December 2021, the Company and CH-Auto Technology, its wholly-owned subsidiary, and its shareholder entered into a subscription agreement pursuant to which the Company will subscribe for not more than 4% of the equity interests in CH-Auto Technology. CH-Auto Technology is a company incorporated in the PRC with limited liability and is principally engaged in vehicle design and development services, vehicle production and sales, vehicle research and development. As at the date of this announcement, the Company has contributed RMB20 million to subscribe for certain shares of CH-Auto Technology which is subject to completion of capital injection of CH-Auto Technology. Please refer to the announcements of the Company dated 10 December 2021, 14 December 2021 and 12 January 2022 for more details.

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 2021.

Sale and Leaseback Transactions

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

During the lease periods of the Sale and Leaseback Agreements, the ownership of the Leased Assets will be vested in the Lessor. The Lessee shall have the right to possess and use the Leased Assets. In accordance with the requirements of HKFRSs, the sale and leaseback transactions shall be accounted for as a financing transaction and therefore would not give rise to any gain or loss, or reduction in value of the Leased Assets. The Sale and Leaseback Agreements was approved, confirmed and ratified at the extraordinary general meeting held on 13 January 2020. During the year ended 31 December 2021, partial consideration of RMB30,000,000 has been paid by the Lessor. Up to the date of this announcement, an aggregate consideration of RMB1,400,000,000 has been received by the Lessee, and the Lessee is in negotiation with the Lessor for the payment of the remaining balances of the consideration.

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

Pledge of Assets

As at 31 December 2021, 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 RMB904,371,000 (31 December 2020: approximately RMB1,043,926,000), and trade and other receivables with a carrying value of approximately RMB368,936,000 (31 December 2020: approximately RMB289,718,000) as security for the borrowings obtained by the Group. As at 31 December 2021 and 31 December 2020, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2021 and 31 December 2020, the Group had no material contingent liabilities.

Important Events Occurred Since the end of the Year Under Review

ZHONGHUI ANDA CPA Limited has resigned as the auditors of the Company with effect from 6 January 2022. Linksfield CPA Limited was appointed as the new auditors of the Company with effect from 6 January 2022. Please refer to the announcements of the Company dated 6 January 2022 and 19 January 2022 for more details.

Save as disclosed in this announcement, there were no important events occurred since the end of the year under review.

Employees

As at 31 December 2021, the Group had approximately 154 full-time employees (2020: approximately 125 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2021, the relevant staff costs (including Directors' remuneration) were approximately RMB50,503,000 (2020: approximately RMB39,152,000). 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.

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2021, the revenue from the wind farm operations amounted to approximately RMB349,988,000 (2020: approximately RMB346,401,000), representing an increase of approximately 1% from that of year ended 31 December 2020.

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 installed capacity of 398.4 MW, and its wind farm operated in a steady and stable status in 2021 which made primarily contribution to the Group's revenue for the year ended 31 December 2021.

Baotou Yinfeng's wind farm projects

Baotou Yinfeng is a subsidiary of the Company, which possesses a wind farm in Baotou City of Inner Mongolia with the 49.8 MW of the Phase 1 Project. In October 2015, Baotou Yinfeng received the relevant project approval from Baotou City's 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 farm.

FUTURE PROSPECTS

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

During the opening year of the 14th Five-year Plan, China has been steadily developing its wind and solar power industries. Its offshore and decentralised wind power projects and domestic PV projects garnered attention. The grid-connected installed capacities of its wind and PV power were 47.57 million kW and 54.88 million kW, respectively. Offshore wind power capacity increased by 16.90 million kW, and the accumulated installed capacity reached 26.39 million kW, thereby allowing China to overtake the UK as the largest wind power generator in the world. Abandoned wind and PV power rates steadily decreased throughout the year, with consumption rates amounting to 96.9% and 97.9%, respectively. Under its "dual carbon" goals, China has entered a new era in relation to its wind and solar energy. National policies will continue to be optimised and adjusted to solve restrictive factors such as the assessment mechanism, consumption conditions, and industry-finance integration, in order to create a standardised market environment, delegate administrative powers and improve government services, give full play to the dynamics of local governments and market entities, and bring new momentum to the wind and solar power industries.

Thanks to technological advancement, wind energy prices are on the decrease due to equipment manufacturers building larger but lighter wind turbine products. On the other hand, as a result of the Chinese government's increased investment in smart grids and ultra-high-voltage electrical transmission cables, abandoned wind rates and power rationing hours have been decreasing year by year, while utilisation hours for wind power have increased significantly. At present, wind power has achieved grid parity, and its economic benefits have become increasingly prominent.

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

In the long-run, the Group will focus its effort on the development and optimisation of existing renewable energy resources. In parallel to the expansion of wind farm's operational scale and the enhancement of efficiency, the Group will integrate the advantages of all cooperating parties and itself in order to explore more development opportunities in other new areas of clean energy and further consolidate the Group's position in the industry of renewable energy. During the course of business integration and resources integration, possible synergistic opportunities among different business segments will be explored for 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 year ended 31 December 2021, the Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules, except for the deviations from Code Provisions as described below:

Under code provision C.1.6 of the CG Code, 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. Zhang Zhixiang, Mr. Li Tian Hai, Mr. Peng Ziwei, Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, did not attend the last annual general meeting held for the year ended 31 December 2020.

Under code provision C.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. 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 C.2.1 of the CG 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 2021.

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.

AUDIT COMMITTEE

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

Due to the situation of the COVID-19 pandemic, additional time was required by the Company's former auditors, ZHONGHUI ANDA CPA Limited, to perform and complete the audit work in respect of the annual results of the Group for the year ended 31 December 2020. Therefore, the publication of annual results for the year ended 31 December 2020 (the "**2020 Annual Results**") and the despatch of annual report for the year ended 31 December 2020 were delayed. After due and careful consideration, the Board was of the view that it would not be appropriate for the Company to publish the unaudited management accounts of the Group for the 2020 Annual Results as it might not truly and accurately reflect the financial performance and position of the Group. Accordingly, the Company was not able to comply with the financial reporting obligations as required under Rules 13.46 and 13.49 of the Listing Rules. Therefore, trading in the shares of the Company on the Stock Exchange was suspended from 1 April 2021 to 17 May 2021.

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

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

REVIEW OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The audit procedures for the annual results for the year ended 31 December 2021 have not been completed due to the tightened COVID-19 prevention and control quarantine measures in the PRC and Hong Kong. The unaudited annual results for the year ended 31 December 2021 (the "**2021 Unaudited Results**") contained herein have not been agreed with the Company's auditors, Linksfield CPA Limited (the "**Auditors**"), as required under Rule 13.49(2) of the Listing Rules.

The 2021 Unaudited Results contained herein have been reviewed by the audit committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the audit procedures, the Company will issue further announcement(s) in relation to: (i) the audited annual results for the year ended 31 December 2021 as agreed by the Auditors and the material differences (if any) as compared with the 2021 Unaudited Results; (ii) the proposed date on which the forthcoming annual general meeting (the "**AGM**") of the Company will be held; and (iii) the period during which the register of members holding ordinary shares of the Company will be closed in order to ascertain shareholders' eligibility to attend and vote at the AGM. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the audit procedures and the dispatch of its annual report.

The financial information contained herein in respect of the 2021 Unaudited Results has neither been audited nor agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

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

Hong Kong, 31 March 2022

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.