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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00527)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of China Ruifeng Renewable Energy Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (or the "**Reporting Period**") together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*3*	**343,811**	304,443
Cost of sales		**(217,849)**	(240,329)
Gross profit		**125,962**	64,114
Interest income		**9,236**	9,691
Other income		**23,171**	21,397
Other gains, net		**4,517**	16,402
Administrative expenses		**(65,916)**	(62,526)
Provision for expected credit losses on other receivables		**(24,872)**	(27,503)
Impairment loss on property, plant and equipment		**—**	(20,583)
Operating profit		**72,098**	992
Finance costs		**(142,755)**	(156,469)
Share of losses of associates		**(547)**	(578)
Share of profits of joint ventures		**1**	—
Loss before income tax		**(71,203)**	(156,055)
Income tax expense	*5*	**(23,570)**	(5,965)
Loss for the year		**(94,773)**	(162,020)
(Loss)/profit for the year attributable to:			
— the owners of the Company		**(108,955)**	(154,448)
— non-controlling interests		**14,182**	(7,572)
		(94,773)	(162,020)
Loss per share attributable to the owners of the Company *(in RMB)*			(Restated)
Basic	*6*	**(0.099)**	(0.233)
Diluted	*6*	**(0.099)**	(0.236)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(94,773)**	(162,020)
Other comprehensive (loss)/income		
Item that may be reclassified to profit or loss:		
Exchange difference arising on translation of financial statements of foreign operations outside the People's Republic of China (the "**PRC**")	**(17,689)**	(48,183)
Item that may not be reclassified to profit or loss:		
Exchange difference arising on translation of financial statements of the Company	**2,817**	11,497
Change in fair value of financial assets at fair value through other comprehensive income	**(5,421)**	6,302
Other comprehensive loss for the year, net of tax	**(20,293)**	(30,384)
Total comprehensive loss for the year	**(115,066)**	(192,404)
Total comprehensive (loss)/income for the year attributable to:		
— the owners of the Company	**(127,243)**	(186,662)
— non-controlling interests	**12,177**	(5,742)
	(115,066)	(192,404)

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**744,622**	878,931
Right-of-use assets		**16,082**	20,247
Interests in associates		**1,489**	2,036
Interests in joint ventures		**3,061**	—
Financial assets at fair value through other comprehensive income		**27,370**	12,791
Financial assets at fair value through profit or loss		**3,324**	4,260
Prepayments and other receivables	*8*	**161,776**	184,026
		957,724	1,102,291
Current assets			
Inventories		**—**	619
Trade and other receivables	*8*	**520,211**	482,135
Financial assets at fair value through profit or loss		**2,022**	2,327
Cash and cash equivalents		**385,512**	420,843
		907,745	905,924
Total assets		**1,865,469**	2,008,215
EQUITY			
Equity/(deficit) attributable to the owners of the Company			
Share capital		**75,057**	17,884
Reserves		**(64,306)**	(91,787)
		10,751	(73,903)
Non-controlling interests		**201,237**	189,060
Total equity		**211,988**	115,157

	Notes	**2023**	2022
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**1,073**	3,428
Borrowings		**1,238,293**	1,400,619
Deferred income tax liabilities		**5,827**	9,221
		1,245,193	1,413,268
Current liabilities			
Trade and other payables	*9*	**107,713**	151,366
Borrowings		**281,242**	322,451
Lease liabilities		**3,752**	3,703
Current income tax liabilities		**15,581**	2,270
		408,288	479,790
Total liabilities		**1,653,481**	1,893,058
Total equity and liabilities		**1,865,469**	2,008,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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 2801–2804, 28/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 9 June 2006. The Company and its subsidiaries are together referred to as the Group hereinafter.

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

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

2 Basis of preparation and 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.

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

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

The consolidated financial statements are prepared on a going concern basis.

(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 2023:

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)
HKAS 12	International Tax Reform — Pillar Two Model Rules (amendments)
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

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

(b) New standards and interpretations not yet adopted

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

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current (amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with Covenants (amendments)	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (amendments)	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (amendments)	To be determined

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards, amendments and interpretations are not expected to have a material financial impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments to existing standards, interpretations and accounting guideline when they become effective.

3 Revenue

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

	2023	2022
	RMB'000	*RMB'000*
Recognised at a point in time:		
— Sales of electricity	**251,163**	220,602
— Tariff adjustment	**91,581**	78,268
— Sales of mechanical and electrical equipment	**1,067**	—
	343,811	298,870
Recognised over time:		
— Incineration of medical wastage	**—**	5,573
	343,811	304,443

Revenue mainly represents the electricity sales to the local grid companies in the PRC for the years ended 31 December 2023 and 2022.

For sales of electricity, the Group generally entered into power purchase agreements with the 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 customers.

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

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

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

4 Segment information

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

During the year ended 31 December 2023, the Group had one (2022: one) reportable operating segment, which was using wind turbine blades to generate electricity power in the PRC. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Geographic Information

(a) Revenue from external customers

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

(b) Non-current assets

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

	2023	2022
	RMB'000	*RMB'000*
Hong Kong	**4,322**	2,410
The PRC	**894,708**	1,054,830
	899,030	1,057,240

Key Customers

For the year ended 31 December 2023, there was one customer (2022: one) which individually contributed over 10% (2022: 10%) of the Group's total revenue, the revenue contributed from this customer was as follows:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**342,708**	298,857

5 Income tax expense

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong during the year (2022: 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 and the British Virgin Islands (2022: Nil).

The applicable income tax rate to the Group's PRC subsidiaries is 25% in 2023 and 2022.

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:

	2023	2022
	RMB'000	*RMB'000*
PRC Corporate income tax		
Current year	**26,969**	10,302
Withholding tax	**—**	679
Deferred income tax	**(3,399)**	(5,016)
	23,570	5,965

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.

	2023	2022
Loss attributable to the owners of the Company *(RMB'000)*	**(108,955)**	(154,448)
Weighted average number of ordinary shares in issue *(in thousands) (Note)*	**1,100,066**	(Restated) 663,067
Basic loss per share *(RMB)*	**(0.099)**	(0.233)

Note:

The weighted average number of ordinary shares for the years ended 31 December 2023 and 2022 has been adjusted for the five-to-one share consolidation of the Company with effect on 6 July 2023 ("**Share Consolidation**") and the weighted average number of ordinary shares for the year ended 31 December 2022 has been adjusted and restated for the rights issue completed during the year ended 31 December 2023.

(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 2023, the Group has three (2022: three) categories of potential ordinary shares: including convertible bonds, share options and warrants (2022: convertible bonds, share options and warrants).

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

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

	2023	2022
Loss attributable to the owners of the Company *(RMB'000)*	**(108,955)**	(154,448)
Adjustments for:		
Assumed conversion of certain convertible bonds		
— Interest expenses	**—**	1,286
— Gain on redemption	**—**	(4,601)
Adjusted loss attributable to the owners of the Company used to determine the diluted loss per share	**(108,955)**	(157,763)
		(Restated)
Weighted average number of ordinary shares in issue *(in thousands)*	**1,100,066**	663,067
Adjustments for:		
— Assumed conversion of certain convertible bonds	**—**	6,618
Weighted average number of ordinary shares used to determine the diluted loss per share	**1,100,066**	669,685
Diluted loss per share *(RMB)*	**(0.099)**	(0.236)

All convertible bonds, share options and warrants (2022: certain convertible bonds, share options and warrants) were not assumed to be exercised as they would have an anti-dilutive impact to the loss attributable to the owners of the Company for the year ended 31 December 2023. Accordingly, diluted loss per share for the year ended 31 December 2023 is same as that of basic loss per share.

7 Dividends

No dividend has been declared or paid by the Company for the year ended 31 December 2023 (2022: Nil).

8 Trade and other receivables

	2023	2022
	RMB'000	*RMB'000*
Trade receivables *(Note a)*	**198,033**	138,863
Less: provision for loss allowance	**(2,030)**	(2,030)
	196,003	136,833
Prepayments, deposits, and other receivables *(Note b)*	**485,984**	529,328
	681,987	666,161
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	**(133,776)**	(156,026)
— Deposits for other loans	**(28,000)**	(28,000)
	(161,776)	(184,026)
Current portion	**520,211**	482,135

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023	2022
	RMB'000	*RMB'000*
RMB	**645,400**	627,841
HK$	**36,587**	38,320
	681,987	666,161

(a) Trade receivables

As at 31 December 2023, the Group has pledged certain of its trade receivables with carrying values of approximately RMB194,797,000 (2022: approximately RMB136,816,000) to secure its other loans (2022: other loans).

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

	2023	2022
	RMB'000	*RMB'000*
Unbilled *(Note)*	**165,403**	115,318
Within three months	**30,600**	21,498
More than three months but within one year	**—**	—
More than one year	**—**	17
	196,003	136,833

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

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

	2023	2022
	RMB'000	*RMB'000*
Within three months	**64,402**	41,707
More than three months but within one year	**69,685**	68,234
More than one year	**61,916**	26,892
	196,003	136,833

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

At 31 December 2023, trade receivables of the Group amounting to approximately RMB2,030,000 (2022: 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 2023 and 2022 or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

(b) Prepayments, deposits, and other receivables

	2023	2022
	RMB'000	*RMB'000*
Other receivables *(Note (i))*	**345,354**	335,319
Less: provision for loss allowance	**(201,427)**	(186,967)
	143,927	148,352
Loan receivables *(Note (ii))*	**218,856**	236,557
Less: provision for loss allowance	**(66,642)**	(64,921)
	152,214	171,636
Amount due from an associate	**29,187**	29,187
Less: provision for loss allowance	**(29,187)**	(29,187)
	—	—
Amount due from a non-controlling interest *(Note (iii))*	**14,923**	9,923
Deposit for other loans *(Note (iv))*	**28,000**	28,000
Prepayments	**146,920**	171,417
Total	**485,984**	529,328
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	**(133,776)**	(156,026)
— Deposit for other loans	**(28,000)**	(28,000)
	(161,776)	(184,026)
Current portion	**324,208**	345,302

The movement in provision for loss allowance on other receivables, loan receivables and amount due from an associate are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**281,075**	294,056
Provision for impairment	**24,872**	27,503
Write-off	**(9,981)**	(41,487)
Disposal of a subsidiary	**—**	(2,475)
Exchange realignment	**1,290**	3,478
At end of the year	**297,256**	281,075

Notes:

(i) The balances mainly represent the other receivables of approximately RMB117,718,000 were due from a supplier, Suzlon Energy (Tianjin) Limited*, which were fully impaired as at 31 December 2023 and 2022.

(ii) As at 31 December 2023 and 2022, the loan receivables from independent third parties were unsecured, interest-bearing at rates ranging from 5%-18% (2022: 5%-18%) per annum and repayable within one year. Loan receivables from independent third parties with aggregate gross amounts of approximately RMB127,775,000 (2022: RMB136,790,000) were guaranteed by business partners of those independent third parties. Loan receivables from independent third parties with aggregate gross amounts of approximately RMB7,250,000 (2022: approximately RMB7,250,000) were guaranteed by a shareholder of the independent third parties. The remaining loan receivables from independent third parties were unguaranteed.

(iii) As at 31 December 2023 and 2022, the amount due from a non-controlling interest was unsecured, interest-free and repayable on demand.

(iv) As at 31 December 2023 and 2022, the Group has pledged certain of its deposits with carrying values of approximately RMB28,000,000 (2022: approximately RMB28,000,000) to secure its other loans.

9 Trade and other payables

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**21,196**	19,243
Interest payables	**22,783**	34,547
Other tax payables	**—**	1,232
Payables on acquisition of property, plant, and equipment	**12,190**	12,059
Payables on acquisition of a subsidiary *(Note (i))*	**13,143**	14,007
Amounts due to directors *(Note (ii))*	**1,340**	9,442
Amounts due to non-controlling interests *(Note (ii))*	**2,314**	19,422
Amount due to an associate *(Note (ii))*	**681**	—
Other payables and accruals	**34,066**	41,414
	107,713	151,366

Notes:

(i) As at 31 December 2023 and 2022, the balance mainly included the outstanding payable to the vendors for the acquisition of equity interests in Hebei Hongsong Renewable Energy Investment Co., Ltd*.

(ii) As at 31 December 2023 and 2022, the amounts were unsecured, interest-free and repayable on demand.

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

	2023	2022
	RMB'000	*RMB'000*
Within three months	**20,826**	18,867
More than three months but within one year	**35**	6
More than one year	**335**	370
	21,196	19,243

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

	2023	2022
	RMB'000	*RMB'000*
RMB	**76,323**	106,888
HK$	**31,390**	44,478
	107,713	151,366

10 Commitments

As at 31 December 2023, capital commitments outstanding not provided for in the consolidated financial statements were as follows:

	2023	2022
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment		
— Contracted for	**42,591**	43,802

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2023, the revenue from the wind farm operations amounted to approximately RMB342,744,000 (2022: approximately RMB298,870,000), representing an increase of approximately 15% from that of year ended 31 December 2022.

Hongsong's wind farm projects

The construction of the Phase 9 Project — The Yuanhui Project of Hongsong was completed in December 2013. Hebei Hongsong Wind Power Co., Ltd. ("**Hongsong**") currently has an installed capacity of 398.4 MW, and its wind farm had a steady and stable operation in 2023 which made primarily contribution to the Group's revenue for the year ended 31 December 2023.

Baotou Yinfeng's wind farm projects

Baotou City Yinfeng Huili New Energy Investment Limited ("**Baotou Yinfeng**") is a subsidiary of the Company, which possesses a wind farm in Baotou City of Inner Mongolia with the 49.8 MW of the phase 1 project (the "**Phase 1 Project**"). In October 2015, Baotou Yinfeng received the relevant project approval from Baotou City's government for its Phase 1 Project. Baotou Yinfeng's Phase 1 Project is currently under construction and is expected to contribute to the Group's future revenue from the operation of wind farm.

OPERATING ENVIRONMENT

In 2023, China's economy witnessed good momentum of recovery in spite of the complex and challenging international economic environment. China's Gross Domestic Product ("**GDP**") has recorded an increase by 5.2% year on year for the year ended 31 December 2023, evidencing the vitality and potential of China's new pattern of development. Compared to 2022, China's economy in 2023 was more stable with accumulating positive changes and stabilising growth. The significant increase in China's GDP growth in the fourth quarter of 2023 and the improvement in the national economy showed gradual movement of full recovery and growth.

There has been a steady growth in China's wind power industry in the recent years. According to the National Energy Administration of China, the newly installed on-grid wind power capacity in 2023 was 75.9 gigawatt ("**GW**"). The accumulative installed on-grid wind power capacity reached a new high of 440 GW. Wind power generation capacity for 2023 reached 809,000 GW. In 2023, China's total electricity consumption was 9.22 trillion kilowatt hours ("**kwh**"), an increase of 6.7% compared with 2022. This further verifies the important position of the wind power industry in China's energy structure.

The Chinese government attaches great importance to the development of renewable energy and actively promotes the application and promotion of wind power and clean energy through the implementation of a series of policies and measures, providing tremendous opportunities for the development of the Group's wind farm business. The Chinese government's continued support for the wind power industry not only creates unique policy advantages for the Group's development, but also provides a favorable development environment. It is expected that the wind power industry will usher in a new development period, and the Group will seize this opportunity to achieve rapid business growth.

MAJOR RISKS AND UNCERTAINTIES

(1) Risks of wind turbine equipment utilisation hours fluctuation

The average number of utilisation hours of power generation equipment are influenced by the electricity supply and demand, and therefore fluctuate accordingly. The total wind power generated by the Company's Hongsong Wind Farm in Hebei Province for the years ended 2023 and 2022 were 761.94 gigawatt hours ("**GWh**") and 663.38 GWh, respectively. Should the economic growth rate slacken, there are risks in fluctuations of the average utilisation hours of the Company's wind turbine equipment in the future, and these will impact the Company's profitability.

(2) Risks of wind power pricing fluctuation

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

(3) Risks arising from interest rate fluctuations

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

FUTURE PROSPECTS

To promote its goals of achieving peak carbon emissions and carbon neutrality, China is gradually constructing a comprehensive "1+N" policy framework, which includes promulgating carbon peak implementation plans for key areas and industries and a series of supporting and safeguarding measures. Firm implementation of the new concept of green development, promotion of resources conservation and recycle in all aspects, continue to promote the adjustment of industrial and energy structures, and vigorously develop renewable energy sources are important strategic directions of the Chinese government. The Chinese government is accelerating the construction of large-scale wind power and PV grid projects in Gobi and other desert areas which provides broad space for development of wind power industry.

Nine PRC authorities including the NDRC and the National Energy Administration jointly issued the "14th Five-Year Plan for Renewable Energy Development" (《"十四五" 可再生能源發展規劃 》) which sets out the goals for development and utilisation of renewable energy. Under the planning guidelines of the 14th Five-year Plan, China has been steadily developing its wind power and PV 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 75.9 GW and 217 GW, respectively. The accumulated installed capacity of wind power promoted China to be the largest wind power provider in the world. Abandoned wind and PV power rates remained stable during 2023, with consumption rates amounting to 97.3% and 98%, respectively. Under its "dual carbon" goals, China has entered into an era of grid parity and its economic benefits have become increasingly prominent.

Technological advancement has injected strong momentum for the development of wind power industry. The ability of equipment manufacturers to build larger and lighter wind turbine products has reduced the costs of wind power electricity and enhanced the efficiency and reliance of wind power energy. Moreover, as a result of the Chinese government's increasing investment in smart grids and ultra-high-voltage electrical transmission cables, abandoned wind rates and power rationing hours have been decreasing every year, while utilisation hours for wind power have been increasing.

In the future, the Group will unswervingly consolidate its resources on the development and operation of various renewable energy systems such as wind farms, to strive for establishing a leading position in the renewable energy industry in northern China. We will continue to optimize the layout of wind farms, improve the performance and efficiency of wind power equipment, and reduce operation and maintenance costs to achieve higher power generation and better economic benefits. At the same time, we will also actively explore new business models, such as wind power + energy storage, wind power + hydrogen energy, etc., to expand business boundaries and enhance market competitiveness.

Through joint development and acquisitions, the Group will continue to develop its renewable energy business in new and clean energy areas other than wind power. We will establish strategic partnerships with outstanding companies inside and outside the industry to jointly develop PV, biomass and other renewable energy projects to form a diversified and complementary energy structure. Through cooperation, we can share resources, technology and management experience to achieve mutual benefit and win-win outcomes, and to promote the sustainable development of the entire industry.

While strengthening the existing wind farm operation and maintenance business in North China, the Group will gradually expand its operation and maintenance business coverage to surrounding areas and deepen its interaction with other industry sectors. We will use advanced technology and management experience to improve the level and quality of operation and maintenance services and provide customers with better and more efficient solutions. In addition, we will also actively explore cooperation models with other industries such as electric power, transportation, and construction to promote the widespread application and deep integration of renewable energy.

The Group is actively exploring the development of 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. We believe that the expansion of this business is in line with the strategic needs for clean energy and sustainable development of the Chinese government.

In order to achieve the above goals, the Group will mainly raise funds in the capital market to support its future development projects. We will actively communicate with investors to demonstrate the Group's strategic planning and business prospects to attract more financial support. We will also strengthen internal management and risk control to ensure the Group's stable operation and sustainable development.

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. By integrating business and resources, we will explore possible synergistic opportunities among different business segments for business expansions and growth in revenues and profits. The Group is committed to becoming a renewable energy supplier and integrated service provider with relatively strong competitiveness, establishing a stable and comprehensive foundation for long-term growth of the Group.

We understand that the success of an enterprise cannot be separated from the support and trust of the society. Therefore, the Group will always adhere to the business philosophy of integrity, innovation, collaboration and win-win outcomes, actively fulfilling its social responsibilities and create more value for society. We will work hand in hand with shareholders ("**Shareholders**"), investors and all partners to jointly promote the prosperity and development of China's renewable energy industry and contribute our efforts to achieve the global carbon neutrality goal.

FINANCIAL REVIEW

The Group is principally engaged in wind farm operations during the Reporting Period. Operating results for the years ended 31 December 2023 and 31 December 2022 are as follows:

	Year ended 31 December		**Approximate**	**Approximate change in**
	2023	2022	**change**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**343,811**	304,443	39,368	13
Gross profit	**125,962**	64,114	61,848	97
Operating profit	**72,098**	992	71,106	7,168
Loss before income tax	**(71,203)**	(156,055)	84,852	54
Loss for the year	**(94,773)**	(162,020)	67,247	42
Attributable to:				
The owners of the Company	**(108,955)**	(154,448)	45,493	30
Non-controlling interests	**14,182**	(7,572)	21,754	287
Loss for the year	**(94,773)**	(162,020)	67,247	42

		Year ended 31 December	
	Notes	**2023**	2022
Net debt *(RMB'000)*	*1*	**(1,134,023)**	(1,302,227)
Net assets *(RMB'000)*	*2*	**211,988**	115,157
Liquidity ratio	*3*	**222%**	189%
Trade receivables turnover (number of days)	*4*	**177**	289
Trade payables turnover (number of days)	*5*	**34**	25
Earning interest multiple	*6*	**0.5**	0.003
Net debt to capital ratio	*7*	**535%**	1,131%

Notes:

1. Cash at bank and on hand – Borrowings

2. Total assets – Total liabilities

3. Current assets/Current liabilities x 100%

4. Average trade receivables/Revenue x 365 days

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

6. Profit before interest and taxation/Finance cost

7. Net debt/Equity x 100%

Revenue

During the Reporting Period, the Group's revenue was derived from the business of wind power generation and sales of mechanical and electrical equipment. 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 2023 was approximately RMB343,811,000, representing an increase of approximately 13% compared to approximately RMB304,443,000 for the year ended 31 December 2022.

Analysis of the Group's revenue for the years ended 31 December 2023 and 31 December 2022 are set out below:

	2023	2022	**Increase/ (decrease)**	**Approximate change in percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Sales of electricity	**251,163**	220,602	30,561	14
Tariff adjustment	**91,581**	78,268	13,313	17
Sales of mechanical and electrical equipment	**1,067**	—	1,067	N/A
Incineration of medical wastage	**—**	5,573	(5,573)	(100)
Total	**343,811**	304,443	39,368	13

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 2023 accounted for approximately RMB217,849,000 (2022: approximately RMB240,329,000), which represented approximately 63% of the Group's revenue (2022: approximately 79%).

Gross Profit

Gross profit was approximately RMB125,962,000 for the year ended 31 December 2023 (2022: approximately RMB64,114,000) 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 2023 was approximately 37%, as compared to approximately 21% for the year 31 December 2022.

Other Income and Other Gains, net

Other income and other gains, net for the year ended 31 December 2023 were mainly comprised of (i) refund of value-added tax from the PRC government amounted to approximately RMB20,005,000 (2022: approximately RMB17,177,000); (ii) rental income from operating leases amounted to approximately RMB2,509,000 (2022: approximately RMB2,306,000); (iii) waiver of principal and interest payables of other loans amounted to approximately RMB4,803,000 (2022: RMB7,899,000).

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 5% to approximately RMB65,916,000 for the year ended 31 December 2023 as compared with that of approximately RMB62,526,000 for the year ended 31 December 2022.

Provision for Expected Credit Losses on Other Receivables

Provision for expected credit losses on other receivables amounted to approximately RMB24,872,000 were recognised for the year ended 31 December 2023 (2022: approximately RMB27,503,000). The Group performs impairment assessment under expected credit loss model on other receivables individually. Based on the assessment, the recoverability of certain other receivables was remote and provision of expected credit losses was recognised.

Finance Costs

Finance costs mainly referred to the interest expenses of the Group's borrowings including bank loans and other loans obtained and Corporate Bonds, Notes, New Convertible Bonds and 2023 Convertible Bonds (as defined below) issued by the Company amounted to approximately RMB142,755,000 for the year ended 31 December 2023 (2022: approximately RMB156,469,000). The slight decrease was mainly due to full repayment of principal of Notes and reduction in interest rates of other loans incurred during the Reporting Period.

Taxation

Taxation expenses increased to approximately RMB23,570,000 for the year ended 31 December 2023 (2022: approximately RMB5,965,000). Such increase was mainly derived from the significant increase in taxable profits of Hongsong.

Loss for the Year

Loss for the year ended 31 December 2023 was approximately RMB94,773,000 (2022: approximately RMB162,020,000). The significant decrease in loss for the year was mainly due to the increase in sales of electricity while reduction of cost of sales being implemented, and no impairment loss on property, plant and equipment was incurred during the Reporting Period (2022: approximately RMB20,583,000).

Loss attributable to the owners of the Company was approximately RMB108,955,000 (2022: approximately RMB154,448,000).

Net Current Assets

Net current assets as at 31 December 2023 were approximately RMB499,457,000 (2022: approximately RMB426,134,000). Increase in net current assets position as at 31 December 2023 was mainly due to the increase in trade receivables amounted to approximately RMB59,170,000 and full repayment of principal of Notes amounted to approximately HK$64,751,000.

Liquidity and Financing

The cash and bank balances as at 31 December 2023 and 31 December 2022 amounted to approximately RMB385,512,000 (mainly denominated in RMB and Hong Kong dollar ("**HK$**") which is comprised of approximately RMB358,187,000 and HK$30,072,000), and approximately RMB420,843,000 (mainly denominated in RMB and HK$ which is comprised of approximately RMB416,671,000 and HK$4,679,000) respectively.

Total borrowings as at 31 December 2023 amounted to approximately RMB1,519,535,000, representing a decrease by approximately RMB203,535,000 when compared with approximately RMB1,723,070,000 as at 31 December 2022.

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 decreased to approximately 89% as at 31 December 2023 from approximately 94% as at 31 December 2022. The ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2023, 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 RMB1,519,535,000 as at 31 December 2023. Among the interest-bearing borrowings of the Group, approximately RMB494,735,000 were fixed-rate loans, while approximately RMB1,024,800,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2023 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 2023, the Company issued additional corporate bonds with principal amount of HK$3,000,000 (the "**Corporate Bonds**") to an investor. Corporate Bonds with principal amount of HK$37,895,000 were matured and redeemed during the year ended 31 December 2023 (for the year ended 31 December 2022: the Company did not issue any additional Corporate Bonds; and the principal amount of HK$24,825,000 were matured and redeemed).

As at 31 December 2023 and 31 December 2022, the principal amount of approximately HK$116,416,000 and HK$151,311,000 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 became unconditional on 15 December 2017 upon the grant of listing approval from the Stock Exchange.

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

During the year ended 31 December 2023, the Notes with principal amount of HK$64,751,000 has been repaid (2022: Notes with principal amount of HK$13,542,000 has been repaid).

As at 31 December 2023, all outstanding principal amount of the Notes had been repaid (2022: approximately HK$64,751,000 of the Notes had been issued and had not been repaid).

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 New Convertible Bonds

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

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

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

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

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

None of the rights attached to the New Convertible Bonds have been exercised and no conversion shares have been allotted or issued from the conversion of the New Convertible Bonds during the year ended 31 December 2023.

Subsequent to the Share Consolidation and Rights Issue (as defined below) with effect from 22 August 2023, the number of shares to be alloted and issued upon exercise of all the conversion rights under the New Convertible Bonds are adjusted to 494,278,779 new shares, at the conversion price of HK$0.721 per conversion share.

Further details of the issuance of the New Convertible Bonds are set out in the announcements of the Company dated 28 January 2022, 11 March 2022, 17 March 2022, 19 April 2022, 20 April 2022, 28 April 2022 and 21 August 2023 and the circular of the Company dated 29 March 2022.

Issuance of 2023 Convertible Bonds

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

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

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

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

On 21 April 2023, the Company received a conversion notice from Mr. Xu in respect of the exercise of the conversion rights attached to the 2023 Convertible Bonds with the principal amount of HK$19,540,000 at the initial conversion price of HK$0.06 per conversion share. As a result, on 28 April 2023, the Company allotted and issued 325,666,666 conversion shares to Mr. Xu.

Further details of the issuance of the 2023 Convertible Bonds are set out in the announcements of the Company dated 20 December 2022, 6 February 2023 and 28 April 2023.

Capital Reorganisation

Share Consolidation

The consolidation of the issued and unissued existing shares in the share capital of the Company (the "**Share Consolidation**") on the basis of five (5) ordinary shares of HK$0.01 each prior to the Share Consolidation (the "**Existing Share(s)**") into one (1) ordinary share of HK$0.05 each after the Share Consolidation (the "**Consolidated Share(s)**") became effective on 6 July 2023.

Authorised Share Capital Increase

With effect from 6 July 2023, the authorised share capital of the Company was increased from HK$100,000,000 before Share Consolidation to HK$500,000,000 divided into 10,000,000,000 Consolidated Shares of a par value of HK$0.05 each, by the creation of 8,000,000,000 Consolidated Shares of a par value of HK$0.05 each.

Change in Board Lot Size

The board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares became effective on 6 July 2023. Further details of the above are set out in the announcements of the Company dated 12 May 2023 and 4 July 2023 and the circular of the Company dated 14 June 2023.

Rights Issue

On 12 May 2023, the Company proposed to implement the issue by way of rights (the "**Rights Issue**") of up to 1,277,353,730 Shares (the "**Rights Share(s)**") on the basis of five (5) Rights Shares for every two (2) Consolidated Shares held on the record date at the subscription price of HK$0.18 per Rights Share, to raise gross proceeds of approximately HK$229.9 million before expenses (assuming no change in the number of Shares in issue on or before the record date other than the exercise of all outstanding Share Options).

The Rights Issue was completed on 22 August 2023. 1,187,403,730 Rights Shares with par value of HK$0.05 each were allotted and issued. The net proceeds from the Rights Issue after deducting the expenses were approximately HK$211.0 million. Further details of the Rights Issues were set out in the announcements of the Company dated 12 May 2023, 4 July 2023, 7 August 2023 and 21 August 2023, the circular of the Company dated 14 June 2023 and the prospectus of the Company dated 19 July 2023.

The intended and actual use of the net proceeds from the Rights Issue is stated as below:

	Intended use of the net proceeds *(HK$ million)*	**Actual use of the net proceeds up to 31 December 2023** *(HK$ million)*	**Unutilised net proceeds up to 31 December 2023** *(HK$ million)*
Repayment of the Corporate Bonds	92.0	29.7	62.3
Repayment of the Notes	70.0	61.8	8.2
Future business development	27.8	1.0	26.8
General working capital	21.2	21.2	—
Total	211.0	113.7	97.3

Capital Raising

Save as disclosed in this announcement, the Group did not have other capital raising activity during the year ended 31 December 2023.

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. Subsequent to the Share Consolidation and Rights Issue with effect from 22 August 2023, the number of shares to be issued upon exercise of the outstanding share options was adjusted to 59,295,040 shares at the exercise price of HK$0.546 per share.

Further details are set out in the announcements of the Company dated 29 January 2021 and 21 August 2023.

Material Acquisition and Disposal

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 2023.

Investment in CH-Auto Technology

On 10 December 2021, the Company and CH-Auto Technology Corporation Ltd.* (北京長城華冠汽車科技股份有限公司) ("**CH-Auto Technology**"), its wholly-owned subsidiary, and its shareholder entered into the subscription agreement (the "**CH-Auto Technology Subscription Agreement**") pursuant to which the Company will subscribe for not more than 4% of the equity interests in CH-Auto Technology. The entering into the CH-Auto Technology Subscription Agreement constitutes a discloseable transaction of the Company under the Listing Rules. The Company shall contribute not less than RMB20 million and up to RMB70 million in aggregate to subscribe for certain shares of CH-Auto Technology, the actual number and per share price of which shall be determined based on the pre-fundraising valuation of CH-Auto Technology and the total funds raised by CH-Auto Technology in the round of fundraising of which the CH-Auto Technology Subscription Agreement forms part of, but shall in any case be not more than 4% of CH-Auto Technology total issued share capital.

The Company paid RMB20 million to CH-Auto Technology in December 2021 for the subscription. CH-Auto Technology's pre-fundraising valuation was RMB2 billion. Such valuation was agreed between the investors and CH-Auto Technology, based largely on previous valuations of CH-Auto Technology conducted by an independent valuer in April 2019. No new valuation report was made for the pre-fundraising valuation as at the material time, the vehicle and vehicle parts and components production of CH-Auto Technology had been significantly scaled down.

CH-Auto Technology is a company incorporated in the PRC with limited liability which was previously listed on the National Equities Exchange and Quotations ("**NEEQ**") of the PRC (NEEQ: 833581, voluntarily delisted on 19 April 2019). Established in 2012, it is principally engaged in vehicle design and development services, vehicle production and sales, and vehicle research and development.

On 28 February 2023, (i) the Company and CH-Auto Technology, its wholly-owned subsidiary, and its shareholder, have entered into a supplemental agreement to mutually agree to terminate the CH-Auto Technology Subscription Agreement with effect from 28 February 2023, for the purpose of potential overseas listing of CH-Auto Technology; and (ii) Chengde Ruifeng Renewable Energy Windpower Equipment Co. Ltd* (承德瑞風新能源風電設備有限公司) ("**Chengde Ruifeng**"), a wholly-owned subsidiary of the Company, and CH-Auto Technology entered into the capital injection agreement (the "**CH-Auto Technology Capital Injection Agreement**") to substitute the CH-Auto Technology Subscription Agreement. The entering into the CH-Auto Technology Capital Injection Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

Pursuant to the CH-Auto Technology Capital Injection Agreement, Chengde Ruifeng shall contribute an aggregate amount of RMB20 million to subscribe for 8,000,000 shares of CH-Auto Technology, which represents approximately 0.86% of CH-Auto Technology's total issued share capital subsequent to the capital injection.

Further details of the investment in CH-Auto Technology are set out in the announcements of the Company dated 10 December 2021, 14 December 2021, 12 January 2022, 28 February 2023 and 23 March 2023.

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 2023, nil 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 2023, 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 RMB638,234,000 (31 December 2022: approximately RMB764,433,000), and trade and other receivables with a carrying value of approximately RMB222,797,000 (31 December 2022: approximately RMB164,816,000) as security for the borrowings obtained by the Group. As at 31 December 2023 and 31 December 2022, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2023 and 31 December 2022, the Group had no material contingent liabilities.

Significant Events Occurred Since the end of the Reporting Period

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

Employees

As at 31 December 2023, the Group had approximately 136 full-time employees (2022: approximately 127 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2023, the relevant staff costs (including Directors' remuneration) were approximately RMB44,382,000 (2022: approximately RMB43,277,000). 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.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance in order to raise the quality of management and protect the interests of Shareholders as a whole. To honor these commitments, the Group believes that good corporate governance reflects that a responsible enterprise must be credit worthy and transparent and abode by a high level of code of practice. Accordingly, the Company has adopted and applied high standard of corporate governance principles that provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all Shareholders and also meeting the expectations of the Group's various stakeholders. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

CORPORATE GOVERNANCE CODE

For the Reporting Period, the Company has adopted and complied with the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**Code**") in Part 2 of Appendix C1 to the Listing Rules, except for the deviations from Code Provisions as described below:

Under Code Provision C.1.6, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other pre-arranged business commitments which must be attended by the Directors, Mr. Li Tian Hai (resigned on 1 June 2023) and Mr. Peng Ziwei (resigned on 1 June 2023) did not attend the annual general meeting held during the year ended 31 December 2022.

Under Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Prior to the appointment of Mr. Yuan Wanyong as the Chairman on 8 June 2023, there has been no 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.

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 C3 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 2023.

Senior management and those staff who are more likely to be in possession of unpublished price-sensitive information, inside information or other relevant information in relation to the Group have adopted rules based on the Model Code. These senior management and staff have been individually notified and advised about the Model Code by the Company. No incident of non-compliance of the Model Code by relevant senior management members was noted by the Company during the year ended 31 December 2023.

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. The annual results of the Company for the year ended 31 December 2023 and this announcement has been reviewed by the Audit Committee before being presented to the Board for approval.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2023, 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.

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.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Linksfield CPA Limited ("**Linksfield**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Linksfield in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Linksfield on the preliminary announcement.

PUBLICATION OF 2023 ANNUAL REPORT

The 2023 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and will also be published on the website of the Company at http://www.c-ruifeng.com and the "HKEXnews" website of the Stock Exchange at http://www.hkexnews.hk in due course.

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

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

Hong Kong, 28 March 2024

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