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China Nature Energy Technology Holdings Limited

中國納泉能源科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1597)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of China Nature Energy Technology Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2022
(Expressed in Renminbi)

| | <i>Note</i> | 2022 RMB'000 | 2021 <i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Revenue | 3 | 219,949 | 312,864 |
| Cost of sales | | <u>(192,394)</u> | <u>(266,991)</u> |
| Gross profit | | 27,555 | 45,873 |
| Other revenue | 4(a) | 6,002 | 4,749 |
| Other net loss | 4(b) | (2,977) | (307) |
| Selling and distribution expenses | | (6,322) | (5,832) |
| Administrative and other operating expenses | | <u>(15,059)</u> | <u>(14,910)</u> |
| Profit from operations | | 9,199 | 29,573 |
| Net finance costs | 5(a) | (1,962) | (4,031) |
| Share of loss of joint ventures | | <u>—</u> | <u>(2,069)</u> |
| Profit before taxation | 5 | 7,237 | 23,473 |
| Income tax | 6 | <u>(1,863)</u> | <u>(2,128)</u> |
| Profit for the year | | <u>5,374</u> | <u>21,345</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 5,374 | 21,069 |
| Non-controlling interests | | <u>—</u> | <u>276</u> |
| Profit for the year | | <u>5,374</u> | <u>21,345</u> |
| Earnings per share | 7 | | |
| Basic and diluted (<i>RMB</i>) | | <u>0.021</u> | <u>0.084</u> |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

for the year ended 31 December 2022

(Expressed in Renminbi)

| | <i>Note</i> | 2022 RMB'000 | 2021 <i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Profit for the year | | <u>5,374</u> | <u>21,345</u> |
| Other comprehensive income for the year (after tax adjustments) | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Exchange difference on translation of financial statements of entities with functional currencies other than Renminbi (“RMB”) | | 4,557 | — |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange difference on translation of financial statements of entities with functional currencies other than RMB | | <u>(1,489)</u> | <u>(914)</u> |
| Other comprehensive income for the year | | <u>3,068</u> | <u>(914)</u> |
| Total comprehensive income for the year | | <u>8,442</u> | <u>20,431</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 8,442 | 20,155 |
| Non-controlling interests | | <u>—</u> | <u>276</u> |
| Total comprehensive income for the year | | <u>8,442</u> | <u>20,431</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

(Expressed in Renminbi)

| | Note | 2022 RMB'000 | 2021 RMB'000 |
|--|------|-----------------|-----------------|
| Non-current assets | | | |
| Property, plant and equipment | | 96,576 | 97,960 |
| Interests in joint ventures | | — | — |
| Contract assets | | 3,882 | 2,595 |
| Other receivables | 9 | 200 | — |
| Deferred tax assets | | 208 | 201 |
| | | <u>100,866</u> | <u>100,756</u> |
| Current assets | | | |
| Assets held for sale | | 7,048 | 7,048 |
| Inventories | | 15,734 | 18,650 |
| Contract assets | | 188 | — |
| Trade and other receivables | 9 | 226,156 | 269,555 |
| Taxation recoverable | | 628 | — |
| Loans to related parties and a third party | | 25,489 | 25,382 |
| Cash and cash equivalents | | 43,911 | 40,572 |
| Pledged deposits | | 21,706 | 42,448 |
| | | <u>340,860</u> | <u>403,655</u> |
| Current liabilities | | | |
| Bank loans and other borrowings | | 39,460 | 50,270 |
| Trade and other payables | 10 | 125,624 | 183,817 |
| Lease liabilities | | 2,113 | 2,242 |
| Contract liabilities | | 1,188 | 772 |
| Current taxation | | 521 | 489 |
| | | <u>168,906</u> | <u>237,590</u> |
| Net current assets | | <u>171,954</u> | <u>166,065</u> |
| Total assets less current liabilities | | <u>272,820</u> | <u>266,821</u> |

| | <i>Note</i> | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|-------------|--------------------------------------|------------------------|
| Non-current liabilities | | | |
| Trade and other payables | 10 | 1,008 | 1,906 |
| Lease liabilities | | 3,809 | 5,354 |
| | | <u>4,817</u> | <u>7,260</u> |
| NET ASSETS | | <u>268,003</u> | <u>259,561</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 11 | 2,168 | 2,168 |
| Reserves | | 265,835 | 257,393 |
| Total equity attributable to equity shareholders of the Company | | 268,003 | 259,561 |
| Non-controlling interests | | <u>—</u> | <u>—</u> |
| TOTAL EQUITY | | <u>268,003</u> | <u>259,561</u> |

NOTES

1 GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

China Nature Energy Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 November 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 20 October 2020. The Company and its subsidiaries (collectively as the “**Group**”) are principally engaged in the research and development, integration, manufacturing and sales of pitch control systems and related components, wind power generation, wind farm operation and maintenance business, provision of energy storage management solutions and provision of wind energy related consultancy services in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Renminbi, unless otherwise stated and have approved for issue by the Board of Directors on 28 March 2023. They have been prepared in accordance with all applicable International Financial Reporting Standard (“**IFRSs**”) using the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial information relating to the financial year ended 31 December 2022 that is included in this preliminary annual results announcement does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRSs, *Annual Improvements to IFRS Standards 2018–2020*
- Amendments to IFRS 3, *Reference to the Conceptual Framework*
- Amendment to IFRS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IFRS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the research and development, integration, manufacturing and sales of pitch control systems and related components, sales of wind power, wind farm operation and maintenance business, provision of energy storage management solutions and provision of wind energy related consultancy services. Further details regarding the Group's principal activities are disclosed in Note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue by business lines is as follows:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| — Sales of pitch control systems and related components | 172,888 | 257,782 |
| — Sales of wind power | 18,483 | 22,539 |
| — Wind farm operation and maintenance business | 23,800 | 32,439 |
| — Provision of energy storage management solutions | 2,835 | 104 |
| — Provision of wind energy related consultancy services | 1,000 | — |
| | <u>219,006</u> | <u>312,864</u> |
| Revenue from other source | | |
| Provision of energy storage management solutions | | |
| — Gross rentals from equipment lease | 943 | — |
| | <u>219,949</u> | <u>312,864</u> |

The Group's revenue from contracts with customers were recognised at point in time.

The Group had two (2021: one) customers with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2022. In 2022, revenue from sales of pitch control systems and related components and wind farm operation and maintenance business to these two customers, including sales to entities which are known to the Group to be under common control with these customers, amounted to RMB167,111,000 (2021: RMB230,875,000).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2022, the Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by division, which is organised by business lines (sales of pitch control systems and related components, sales of wind power, wind farm operation and maintenance business, provision of energy storage management solutions and provision of wind energy related consultancy services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No individually mentioned operating segments have been aggregated to form the following reportable segments.

- Sales of pitch control systems and related components: it engages in the research and development, integration, manufacturing and sales of the pitch control systems and related components in wind turbines manufacturing;
- Sales of wind power: it engages in the sales of the wind power electricity generated from wind farms;
- Wind farm operation and maintenance business: it provides wind farm operation and maintenance, upgrade and modification services and engages in the sales of wind farm consumables;
- Provision of energy storage management solutions: it engages in the provision of energy storage management services, sales of related products and leases of related equipment; and
- Provision of wind energy related consultancy services: it provides wind energy related consultancy services.

(i) Segment results and assets

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include trade and other receivables, inventories, contract assets and property, plant and equipment, with the exception of interests in joint ventures, deferred tax assets, assets held for sale, taxation recoverable, loans to related parties and a third party, cash and cash equivalents and pledged deposits.

The measure used for reporting segment profit is gross profit.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below:

| | 2022 | | | | | Total <i>RMB'000</i> |
|----------------------------|---|--|--|--|---|-------------------------|
| | Sales of pitch control systems and related components <i>RMB'000</i> | Sales of wind power <i>RMB'000</i> | Wind farm operation and maintenance business <i>RMB'000</i> | Provision of energy storage management solutions <i>RMB'000</i> | Provision of wind energy related consultancy services <i>RMB'000</i> | |
| Reportable segment revenue | <u>172,888</u> | <u>18,483</u> | <u>23,800</u> | <u>3,778</u> | <u>1,000</u> | <u>219,949</u> |
| Reportable segment profit | <u>11,294</u> | <u>9,531</u> | <u>5,391</u> | <u>996</u> | <u>343</u> | <u>27,555</u> |
| Reportable segment assets | <u>184,430</u> | <u>131,130</u> | <u>19,759</u> | <u>7,417</u> | <u>—</u> | <u>342,736</u> |
| | 2021 | | | | | Total <i>RMB'000</i> |
| | Sales of pitch control systems and related components <i>RMB'000</i> | Sales of wind power <i>RMB'000</i> | Wind farm operation and maintenance business <i>RMB'000</i> | Provision of energy storage management solutions <i>RMB'000</i> | Provision of wind energy related consultancy services <i>RMB'000</i> | |
| Reportable segment revenue | <u>257,782</u> | <u>22,539</u> | <u>32,439</u> | <u>104</u> | <u>—</u> | <u>312,864</u> |
| Reportable segment profit | <u>23,511</u> | <u>12,667</u> | <u>9,640</u> | <u>55</u> | <u>—</u> | <u>45,873</u> |
| Reportable segment assets | <u>239,790</u> | <u>124,749</u> | <u>22,309</u> | <u>1,912</u> | <u>—</u> | <u>388,760</u> |

(ii) *Reconciliations of reportable segment revenues, profit or loss and assets*

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Revenue | | |
| Reportable segment revenue | <u>219,949</u> | <u>312,864</u> |
| Consolidated revenue | <u><u>219,949</u></u> | <u><u>312,864</u></u> |
| Profit | | |
| Reportable segment profit | 27,555 | 45,873 |
| Other revenue | 6,002 | 4,749 |
| Other net loss | (2,977) | (307) |
| Selling and distribution expenses | (6,322) | (5,832) |
| Administrative and other operating expenses | (15,059) | (14,910) |
| Net finance costs | (1,962) | (4,031) |
| Share of loss of joint ventures | <u>—</u> | <u>(2,069)</u> |
| Consolidated profit before taxation | <u><u>7,237</u></u> | <u><u>23,473</u></u> |
| Assets | | |
| Reportable segment assets | 342,736 | 388,760 |
| Deferred tax assets | 208 | 201 |
| Assets held for sale | 7,048 | 7,048 |
| Taxation recoverable | 628 | — |
| Loan to related parties and a third party | 25,489 | 25,382 |
| Cash and cash equivalents | 43,911 | 40,572 |
| Pledged deposits | <u>21,706</u> | <u>42,448</u> |
| Consolidated total assets | <u><u>441,726</u></u> | <u><u>504,411</u></u> |

(iii) *Geographic information*

IFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity's geographical areas, regardless of the entity's organisation (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because all of its revenue was generated in the PRC and substantially all of its non-current assets and capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

4 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| VAT refund (<i>Note i</i>) | 1,639 | 2,406 |
| Government subsidies (<i>Note ii</i>) | 4,267 | 2,281 |
| Others | 96 | 62 |
| | <u>6,002</u> | <u>4,749</u> |

Notes:

- (i) Pursuant to Taxation Policy for Encouraging the Development of Software and Integrated Circuits Industry (Guofa [2011] No.4), enterprises engaged in the sales of self-developed software in the PRC are entitled to VAT refund to the extent that the effective VAT rate of the sales of the software products in the PRC exceeds 3% of the sales amounts. During the years ended 31 December 2022 and 2021, the Group received such VAT refund of RMB602,000 and RMB680,000 respectively.

Pursuant to Taxation Policy for Encouraging the use of wind power generation and promote the healthy development of relevant industries (Caishui [2015] No.74), enterprises selling self-produced power products produced by wind power will be subject to the policy of 50% VAT refund. During the years ended 31 December 2022 and 2021, the Group received such VAT refund of RMB1,037,000 and RMB1,726,000 respectively.

- (ii) During the years ended 31 December 2022 and 2021, the Group received unconditional government subsidies of RMB4,267,000 and RMB2,281,000 respectively, as encouragement of their contribution in technology development and local economy.

(b) Other net loss

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Net exchange loss | (1,818) | (118) |
| Idle cost on production suspension | (1,253) | — |
| Gain on disposal of property, plant and equipment | 101 | — |
| Others | (7) | (189) |
| | <u>(2,977)</u> | <u>(307)</u> |

5 PROFIT BEFORE TAXATION

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

(a) Net finance costs

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Interest expenses on bank loans | 276 | 1,533 |
| Interest expenses on loans due to third parties | 1,790 | 2,597 |
| Interest expense on lease liabilities | 347 | 305 |
| | <u>2,413</u> | <u>4,435</u> |
| Interest income | <u>(451)</u> | <u>(404)</u> |
| Net finance costs | <u><u>1,962</u></u> | <u><u>4,031</u></u> |

(b) Staff costs

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Salaries, wages and other benefits | 22,456 | 22,713 |
| Contributions to defined contribution retirement plan | 1,850 | 2,016 |
| | <u>24,306</u> | <u>24,729</u> |

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement plans administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) **Other items**

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Cost of inventories recognised as expenses (<i>Note</i>) | 178,368 | 251,139 |
| Depreciation charges | | |
| — owned property, plant and equipment | 6,893 | 6,431 |
| — right-of-use assets | 3,252 | 2,311 |
| Provision/(reversal) of loss allowance on trade and other receivables and contract assets | 68 | (452) |
| Auditors' remuneration | | |
| — audit services | 1,050 | 1,200 |
| — non-audit services | 300 | 300 |

Note:

Cost of inventories recognised as expenses includes amounts relating to staff costs, depreciation of property, plant and equipment and research and development expenses, which are also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Current tax — PRC Corporate Income Tax | | |
| Provision for the year | 1,456 | 2,080 |
| Under/(over)-provision in respect of prior years | 414 | (20) |
| Deferred tax | | |
| Origination and reversal of temporary differences | (7) | 68 |
| | <u>1,863</u> | <u>2,128</u> |

Notes:

- (i) 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.
- (ii) Pursuant to the PRC Corporate Income Tax Law and the respective regulations, the subsidiaries of the Group which operate in PRC is subject to Corporate Income Tax at a rate of 25% on its taxable income.
- (iii) According to the Administrative Measures for Determination of High Tech Enterprises (Guokefahuo [2016] No.32), Jiangsu Nature Hongyuan New Energy Technology Co., Ltd. obtained the qualification as a high-tech enterprise and was entitled to a preferential income tax rate of 15% for the years from 2021 to 2023.

- (iv) Pursuant to Caishui [2011] No.58 and Caishui [2020] No.23 Notice on Tax Policies for Further Implementation of Western Regions Development Strategy, Datang Guancang Duolun New Energy Co., Ltd. established in the western regions of the PRC, and was entitled to the preferential income tax rate of 15% from its incorporation to 2030.
- (v) Pursuant to Caishui [2008] No.46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, wind farm of the Group, which are approved after 1 January 2008, are entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective years in which their first operating income is derived. Datang Guancang Duolun New Energy Co., Ltd. was entitled to full exemption for the years from 2016 to 2018 and a preferential income tax rate of 7.5% for the years from 2019 to 2021.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB5,374,000 (2021: RMB21,069,000) and the weighted average of 250,000,000 ordinary shares (2021: 250,000,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

| | 2022 | 2021 |
|---|--------------------|--------------------|
| Issued ordinary shares at 1 January and 31 December | <u>250,000,000</u> | <u>250,000,000</u> |

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2022 and 2021 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

8 DIVIDENDS

No dividend was paid or declared by the Company for the year ended 31 December 2022.

9 TRADE AND OTHER RECEIVABLES

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Current | | |
| Trade and bills receivable, net of loss allowance | 222,969 | 267,383 |
| Prepayments | 1,643 | 1,775 |
| Other receivables | 1,544 | 397 |
| | <u>226,156</u> | <u>269,555</u> |
| Total | <u>226,156</u> | <u>269,555</u> |
| Non-current | | |
| Other receivables | 200 | — |
| | <u>200</u> | <u>—</u> |
| | <u>226,356</u> | <u>269,555</u> |

Except for the non-current other receivables related to the deposits of tenancy agreement, all of trade and other receivables balances are expected to be recovered or recognised as expense within one year.

Trade and bills receivable

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Measured at amortised cost | | |
| — Trade receivables | 144,123 | 185,204 |
| — Bills receivable | 31,554 | 22,042 |
| Measured at fair value through other comprehensive income (FVOCI) | | |
| — Bills receivable (<i>Note</i>) | 48,657 | 61,476 |
| | <u>224,334</u> | <u>268,722</u> |
| Less: loss allowance | (1,365) | (1,339) |
| | <u>222,969</u> | <u>267,383</u> |

Note:

Certain amounts of the Group's bills receivable measured at FVOCI were held for collection of contractual cash flows and for selling the financial asset, where cash flows of the bills receivable represented solely payments of principal and interest.

The bills accepted by banks with high credit quality were derecognised when they were endorsed or discounted. In the opinion of the directors, the Group did not retain substantially all the risks and rewards of ownership of these bills, because the credit risk of the acceptance banks was very low and the Group had transferred out all interest risk of the bills upon endorsement or discount. As the transferees had the practical ability to further endorse or discount the bills, control of these bills were transferred upon endorsement or discount and thus they were derecognised. As at 31 December 2022, bills endorsed or discounted and derecognised, but yet reached maturity amounted to RMB46,369,000 (2021: RMB20,897,000). This represents the Group's maximum exposure to loss should the acceptance banks fail to settle the bills on maturity date. However, non-settlement by those acceptance banks was considered unlikely.

As of the end of the reporting period, the aging analysis of trade and bills receivable, based on the revenue recognition date and net of loss allowance, is as follows:

| | 2022 | 2021 |
|---------------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | 188,403 | 246,953 |
| Over 1 year but within 2 years | 14,136 | 9,047 |
| Over 2 years but within 3 years | 9,047 | 11,383 |
| Over 3 years but within 4 years | 11,383 | — |
| | <u>222,969</u> | <u>267,383</u> |

Generally, the Group's trade receivables are due within 30 to 90 days from the date of billing, except for the tariff premium, representing 59% (2021: 56%) of total wind power sales for the year ended 31 December 2022. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid company, which therefore takes a relatively long time for settlement. As at 31 December 2022, the tariff premium receivables included in the trade and other receivables amounted to RMB46,942,000 (2021: RMB34,566,000).

Pursuant to Caijian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of standardised procedures for the settlement of the tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. The directors of the Company are of the opinion that the tariff premium receivables are fully recoverable considering that there are no loss experiences with the grid company in the past and the tariff premium is funded by the PRC government.

As at 31 December 2022, bills receivable of RMB27,282,000 (2021: RMB16,544,000) were pledged as security for issuance of bills payable.

10 TRADE AND OTHER PAYABLES

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Current | | |
| Trade payables (<i>Note (a) below</i>) | 41,057 | 81,406 |
| Bills payable | 46,871 | 63,606 |
| Other payables (<i>Note (b) below</i>) | 37,696 | 38,805 |
| | <u>125,624</u> | <u>183,817</u> |
| Non-current | | |
| Trade payables | <u>1,008</u> | <u>1,906</u> |
| | <u>126,632</u> | <u>185,723</u> |

(a) Trade payables

As of the end of the reporting period, the aging analysis of trade payables other than non-current portion which is the warranty to certain suppliers, based on the invoice date, is as follows:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|-----------------|------------------------|------------------------|
| Within 3 months | 40,395 | 69,367 |
| 3 to 6 months | 198 | 11,934 |
| 6 to 12 months | 258 | 105 |
| Over 12 months | 206 | — |
| | <u>41,057</u> | <u>81,406</u> |

All of the current portion trade payables are expected to be settled within one year or repayable on demand.

(b) Other payables

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Interest payable due to third parties | 26,370 | 24,521 |
| Payables for staff related costs | 2,353 | 3,222 |
| Advances from disposal of joint ventures | 5,133 | 5,133 |
| Others | 3,840 | 5,929 |
| | <u>37,696</u> | <u>38,805</u> |

11 SHARE CAPITAL

| | 2022 | | 2021 | |
|--|----------------------|----------------|----------------------|----------------|
| | <i>No. of shares</i> | <i>RMB'000</i> | <i>No. of shares</i> | <i>RMB'000</i> |
| Ordinary shares, issued and fully paid: | | | | |
| At 1 January and 31 December | <u>250,000,000</u> | <u>2,168</u> | <u>250,000,000</u> | <u>2,168</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a wind power and pitch control system solution provider in the PRC. We have developed the research and development (“**R&D**”), integration, manufacturing and sale business of high-voltage pitch control systems for wind turbines, wind power generation business and post-wind power market maintenance and operation business. Energy storage is positioned as one of the Company’s core businesses in 2022, providing smart energy services in wind power, photovoltaic and thermal power.

PITCH CONTROL SYSTEM RELATED INTEGRATION, MANUFACTURING AND SALES

We develop, manufacture and sell (1) customised pitch control systems and (2) customised core components of pitch control systems, such as pitch drive controllers and motors, according to the requirements of our customers, and generate revenue from product sales and integration charges. The customers of the pitch control systems have grown from Envision Energy at the beginning to the current quality wind turbine manufacturers such as Zhejiang Windey, Sany Renewable Energy, CRRC Group, Sinovel and Shanghai Electric. The customers of the core components include Guoneng I&C.

In 2022, the Group delivered a total of 1,313 sets of pitch control system products, representing a decrease in delivery volume of 30.3% from 2021. The products delivered included different types of 2 MW to 7 MW models.

WIND POWER GENERATION

We commenced our wind power generation business in 2015 by operating our Duolun Wind Farm in Inner Mongolia. Our Duolun Wind Farm is installed with 13 wind turbines with a total installed capacity of 19.5MW, where we admit electricity generated to the local power grid and sell electricity generated to the local power grid company. We collect on-grid tariff from the local power grid company based on the meter readings at an agreed rate on a monthly basis.

In 2022, the annual utilisation hours of our Duolun Wind Farm were 2,888 hours, and the annual total wind power generated and admitted to the power grid was 56.32 million kWh.

The new decentralized distributed wind farm project invested and developed by the Group through Lingqiu County Fengyuan Energy Technology Company Limited* (靈丘縣豐沅能源科技有限公司) (“**Lingqiu County Fengyuan**”) in Lingqiu County, Datong City, Shanxi Province (“**the Lingqiu Project**”) was successfully admitted to power grid on 31 December 2021. After the approval from the Datong Municipal Administrative Examination and Approval Service Bureau* (大同市行政審批服務管理局) on 31 December 2019, the pre-construction formalities and preparations for the Lingqiu Project were carried out proactively. However, the pre-approval reply for land use issued by the Bureau of Natural Resources and Planning of Datong* (大同市規劃和自然資源局) is one of the prerequisites for starting the construction and Lingqiu County Fengyuan only received the pre-approval on 25 September 2021. The construction of the Lingqiu Project started on 25 September 2021 and the Lingqiu Project must be connected to the electrical grid before 31 December 2021 in order to meet the conditions for inclusion in the national subsidy catalogue. Therefore, the construction timeline of the Lingqiu Project was very tight. The Group and our joint venture partner have attempted to seek financing from banks or other third parties, but failed to obtain suitable financing as scheduled. The capital investment was limited and insufficient to finance the Lingqiu Project. Furthermore, if the Lingqiu Project could not be connected to the electrical grid before 31 December 2021, the Lingqiu Project would lose the entitlement to on-grid tariff approved in 2019, hence on-grid price of the wind farm and investment income of the Lingqiu Project would be greatly reduced. In view of the above circumstances, the Group entered into the Equity Purchase Agreement with an independent third party on 16 December 2021, intending to transfer the entire equity interest of the Group in the Lingqiu Project. For further details of the disposal of Lingqiu Project, please refer to the announcement of the Company dated 25 March 2022. The transaction was not completed in 2022 due to the non-satisfaction of “**conditions for completion**” stipulated in the Equity Purchase Agreement.

WIND FARM OPERATION AND MAINTENANCE

We offer post market operation and maintenance services to our customers, which include (1) general operation and maintenance service for wind farms; (2) upgrade and modification works for pitch control systems; (3) supply of consumables. We charge service fees and cost of the sales of consumables through providing such services to customers.

In 2022, the Group’s operation and maintenance team had 111 staff, who were mainly responsible for the provision of operation and maintenance services to the wind farms of Envision Energy situated throughout China.

ENERGY STORAGE

With energy storage as one of its core businesses, the Group provides customers with energy storage products and solutions, energy storage modules, pack and system equipment, energy management system (“EMS”), intelligent energy cloud platform and integrated energy simulation and calculation platform.

In 2022, the Group used energy storage EMS as a breakthrough, improved the core team, implemented 10 order projects, gaining customer recognition of EMS products; the self-completed “4MW/4MWh wind power storage demonstration project in Duolun Wind Farm” was successfully admitted to the grid.

CONSULTANCY

With the accumulation of a professional team and industry resources, the Group provides customers with consultancy services for new energy projects such as in wind power and photovoltaics.

OUTLOOK OF THE GROUP

The Group will continue to focus on the new energy power sector, maintain its domestic market share and leading position in pitch control systems while maintaining the sound performance of its well-developed wind power generation and operation and maintenance business. In parallel, we will implement the “Go globally” strategy, actively develop wind turbine manufacturer customers in international markets to increase our market share and optimize profit margins. In addition, we will strengthen the construction of energy storage team and the research and development of energy storage products and systems, gradually enhance our team and product system, and accelerate the commissioning of intelligent production lines for energy storage products; carry out extensive establishment of energy storage industry supply chain resources to form complementary advantages, with an aim to develop energy storage into another core business of the Group as soon as possible.

FINANCIAL POSITION AND OPERATING RESULTS

In 2022, the Group maintained its wind power generation and operation and maintenance business and actively explored the development of energy storage. The principal operating business was adversely affected by the business environment, but continued to develop steadily.

REVENUE

In 2022, the Group recorded a total revenue of approximately RMB219.9 million, representing a decrease of 29.7% from approximately RMB312.9 million in 2021, mainly due to the decrease in overall revenue as a result of the decrease in orders for pitch control system business and operation and maintenance business due to the adverse impact of the pandemic in 2022 on logistics, supply chain, market development and business exchanges, etc.

The table below sets forth a breakdown of the Group's revenue during the reporting period:

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|--|---|---|
| Pitch control system related integration, manufacturing and sales | 172,888 | 257,782 |
| Wind power generation | 18,483 | 22,539 |
| Wind farm operation and maintenance | 23,800 | 32,439 |
| Energy storage management system | 3,778 | 104 |
| Consultancy | 1,000 | 0 |
| Total | <u>219,949</u> | <u>312,864</u> |

In 2022, revenue generated from the pitch control system business amounted to approximately RMB173 million, representing a decrease of approximately RMB85 million or approximately 32.9% from 2021, which was mainly due to the decrease in orders for pitch control systems undertaken and delivered by the Group as a result of the impact of the pandemic in 2022, and the price reduction strategy adopted by the Group in 2022 in order to maintain market share.

In 2022, revenue generated from the wind power generation business amounted to approximately RMB18 million, representing a decrease of approximately RMB4 million from 2021, which was mainly due to an increase in the number of limited hours of electricity of wind farms due to insufficient electricity demand in the market affected by the pandemic.

In 2022, revenue generated from wind farm operation and maintenance business amounted to approximately RMB24 million, representing a decrease of approximately RMB8 million or approximately 25% from 2021, which was mainly due to the decrease in orders from customers for operation and maintenance services provided by the Group because of the adverse impact of the pandemic on the on-site service work of operation and maintenance personnel.

In 2022, revenue generated from energy storage management system business amounted to approximately RMB4 million, representing a significant increase from approximately RMB0.1 million in 2021, mainly because the market application of the Group's self-developed energy storage energy management system has been well received by customers, indicating that its products were mature.

In 2022, revenue generated from consultancy business achieved RMB1 million, providing professional services to customers for wind power project approval, filing and selection of model, etc.

COST OF SALES

In 2022, the Group's cost of sales amounted to approximately RMB192 million, representing a decrease of RMB75 million from the cost of sales of approximately RMB267 million in 2021.

Among them, the cost of sales of the pitch control system business mainly consisted of raw material costs, staff costs and depreciation. The cost of sales of the Group's pitch control system business amounted to approximately RMB162 million in 2022, representing a decrease of RMB72 million or approximately 30.8% from approximately RMB234 million in 2021, mainly due to the decrease in sales revenue of the pitch control system business.

The cost of sales of the wind power generation business mainly included depreciation, staff costs and the maintenance of spare parts and components after the warranty period. In 2022, the cost of sales of the wind power generation business amounted to approximately RMB9 million, representing a decrease of RMB1 million from the cost of sales of approximately RMB10 million in 2021, which was mainly due to the decrease in the daily repair and maintenance costs of the wind farms during the year.

The cost of sales of the wind farm operation and maintenance business mainly included raw material costs and staff costs. In 2022, the total cost of sales of the wind farm operation and maintenance business amounted to approximately RMB18 million, representing a decrease of approximately RMB5 million or approximately 21.7% from the cost of sales of approximately RMB23 million in 2021, which was mainly due to the decrease in staff costs and raw material costs as a result of the decrease in revenue generated from wind farm operation and maintenance business.

The cost of sales of the energy storage management system business mainly included raw material costs, staff costs and depreciation. In 2022, the cost of sales of energy storage management system business amounted to approximately RMB3 million, representing an increase of RMB2.95 million from the cost of sales of such business of approximately RMB0.05 million in 2021, which was mainly due to the increase in raw material costs and staff costs as a result of the increase in sales revenue of energy storage management system business.

The cost of sales of the consultancy business mainly included staff costs and travel expenses. In 2022, the cost of sales of consultancy business amounted to approximately RMB0.7 million.

GROSS PROFIT AND GROSS PROFIT MARGIN

In 2022, the Group's gross profit amounted to approximately RMB28 million, representing a decrease of approximately RMB18 million or 39.1% from the gross profit of approximately RMB46 million in 2021, which was mainly due to the decrease in total revenue. The overall gross profit margin decreased from 15% in 2021 to 13% in 2022, which was mainly due to the lower gross profit margin of the pitch control system business compared to other business and the larger proportion of this business.

The gross profit margin of the pitch control system business decreased from 9.1% in 2021 to 6.5% in 2022, which was mainly due to the increase in the price of raw materials and the reduction in product prices resulting from the impacts of pandemic on logistics and supply chain.

In 2022, the gross profit margin of the wind power generation business was approximately 51.6%, representing a decrease of 4.6 percentage points from the gross profit margin of 56.2% in 2021, which was mainly due to the decrease in the revenue of wind power generation in 2022 resulting from a larger proportion of depreciation in the cost of sales of wind farm.

In 2022, the gross profit margin of the wind farm operation and maintenance business was approximately 22.7%, representing a decrease of 7 percentage points from the gross profit margin of approximately 29.7% in 2021, which was mainly due to the decrease in service fees charged from operation and maintenance business.

In 2022, the gross profit margin of the energy storage management system business was approximately 26.4%, representing a decrease of 26.5 percentage points from the gross profit margin of approximately 52.9% in 2021, which was mainly due to the fact that the sales of energy storage management system products were prototypes delivery in 2021, and the level of gross profit margin tends to be stable as the team improved and the products matured in 2022.

In 2022, the gross profit margin of consultancy business was approximately 34%, no revenue was generated from such business in 2021.

OTHER REVENUE

In 2022, the Group's other revenue amounted to approximately RMB6 million, representing an increase of approximately RMB1.3 million from that of approximately RMB4.7 million in 2021, which was mainly due to the increase in the government grants received in 2022.

SELLING AND DISTRIBUTION EXPENSES

In 2022, the Group's selling and distribution expenses amounted to approximately RMB6 million, which was basically the same as that in 2021.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

In 2022, the Group's administrative and other operating expenses amounted to approximately RMB15 million, which was basically the same as that in 2021.

FINANCE COST

Finance cost mainly represents the interest expenses on bank borrowings and borrowings from third parties. In 2022, the Group's finance cost amounted to approximately RMB2 million, representing a decrease of approximately RMB2 million or approximately 50% from approximately RMB4 million in 2021, which was mainly due to the repayment of part of the bank borrowings and part of the borrowings from third parties by the Group's subsidiaries.

GEARING RATIO

Gearing ratio is calculated as the Group's total liabilities divided by total assets. In 2022, the Group's gearing ratio was approximately 39%, representing a decrease of 10% from the gearing ratio of 49% in 2021, which was mainly due to the proceeds raised from the repayment of the bank borrowings and part of the borrowings from third parties and trade payables of raw materials to suppliers by the Group's subsidiaries.

INCOME TAX EXPENSE

In 2022, the Group's income tax expense amounted approximately RMB2 million (2021: approximately RMB2 million). The effective tax rate was approximately 26% and 9% for the current year and the previous year, respectively. The increase in effective tax rate was mainly due to the expiry of tax preferential policy enjoyed by Datang Gucang Duolun New Energy Co., Ltd., a subsidiary of the Group and tax filling difference.

PROFIT FOR THE YEAR

Based on the above reasons, the Group recorded a net profit of approximately RMB5.4 million in 2022, representing a decrease of approximately RMB15.9 million or 74.6% from the net profit of approximately RMB21.3 million in 2021.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

In 2022, profit attributable to equity shareholders of the Company amounted to approximately RMB5.4 million, representing a decrease of approximately RMB15.7 million from the profit attributable to equity shareholders of the Company of approximately RMB21.1 million in 2021.

LIQUIDITY AND CAPITAL SOURCE

The working capital of the Group is derived from the cash flows generated from our operating activities, the existing cash and cash equivalents of the company, bank loans and net proceeds from listing. After careful financial management and analysis, our Directors believe that the Group has sufficient working capital to satisfy its present operating needs and the needs in the next full year.

CASH FLOWS

In 2022, the Group's cash and cash equivalents amounted to approximately RMB43.9 million, representing an increase of approximately RMB3.3 million or approximately 8.1% from approximately RMB40.6 million in 2021, which was mainly due to the enhancement of business returns and decrease of external investment by the Group.

CAPITAL EXPENDITURES

In 2022, the Group's capital expenditures amounted to a total of approximately RMB6.5 million (2021: RMB9.5 million), which was mainly due to the acquisition of energy storage demonstration and test equipment and other fixed assets by the Group.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities.

PLEDGE OF ASSET BY THE GROUP

During the year, the Group's subsidiaries were granted new short-term borrowings of RMB9.9 million, which were secured by the intellectual property rights of the Group's subsidiaries.

HUMAN RESOURCES

The Group has offices in Beijing, Shanghai, Wuxi, Shenzhen, Hong Kong and Inner Mongolia. As at 31 December 2022, the Group employed a total of 218 employees (31 December 2021: 169 employees), all of which entered into labour contracts. According to the PRC Labour Law and the relevant laws and regulations, the contracts of such employees expressly stipulate the position, responsibilities, remuneration, staff benefit, training, obligation of confidentiality and other related matters of the employee.

POTENTIAL RISK EXPOSURES

Political uncertainty risk

New energy power industry is significantly policy driven. If there is any change in the relevant supporting policy system, the whole new energy industry chain will be adversely affected, and lead to the slowdown in demands and insufficient investments in sectors such as pitch control system, operation and maintenance and energy storage, which in turn may affect the Group's main business and development strategies.

Financial risk

If the Group fails to generate sufficient cash flows from business execution, it may materially affect the normal management and operation of the Group. In addition, accounts receivable and bills receivable are affected by the uncertainty of the operation of our customers, which lead to the risk of delayed cash collection. The Group will strictly adhere to its cash management system and credit policy, actively follow up on the credit period of accounts receivable and customer operation status and monitor the real-time cash status on an ongoing basis, so as to effectively control the financial risk.

Foreign exchange risk

The Group operates primarily in the PRC and most of its operating transactions are denominated in Renminbi. As at 31 December 2022, non-RMB monetary assets are mainly cash and cash equivalents, denominated in Hong Kong dollars or United States dollars. The Group has not entered into any forward foreign exchange contracts to hedge its foreign exchange risk, but management will continue to monitor foreign exchange risk and take prudent measures to reduce foreign exchange risk.

THE IMPACT OF COVID-19

In 2022, the pandemic spread across the country and brought severe impacts on the business environment and supply chain. However, the Group minimized the adverse impacts and risks of the pandemic on the Group through scientific allocation and optimized management and did not experience any material adverse impacts on production and delivery, order delivery, corporate operation and finance.

As the pandemic prevention and control measures improved in 2023, we enter into the post-pandemic era. The Group will learn from relevant experience and actively deal with such prevention measures. Even if considering the worst case scenarios, for instance, if there is secondary infection of COVID-19 or other adverse situations, the Company's own cash flow would be adequate to maintain normal operation of the Company for 12 months. Based on the current operating conditions, it is not necessary to undertake financing to cover the Company's cash flow.

- Note 1:* As disclosed in the prospectus, after deducting underwriting fees and relevant expenses paid by the Company and assuming the over-allotment option is not exercised, the estimated net proceeds from the initial public offering amounted to approximately RMB100.3 million. The actual net proceeds of the Company as at 31 December 2020 amounted to approximately RMB98.2 million. Save for the net proceeds from global offering intended for (1) the investment into the development of a new distributed wind farm in Lingqiu, Datong, Shanxi; and (2) the full repayment of a loan due to a third party by our Duolun Wind Farm, the Company intended to make adjustment for the difference of approximately RMB2.1 million according to the same method and proportion of use of proceeds as disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus.
- Note 2:* As at 31 December 2022, the Group entered into prototype procurement agreements with customers such as Envision Energy, Sinovel, Sany Heavy Energy, CRRC Group and Zhejiang Windey, and has fully utilized this amount to develop and manufacture 34 sets of prototypes, completed the delivery according to the requirements of the procurement order of new product prototypes from customers and recruited 2 additional sales personnel.
- Note 3:* As at 31 December 2022, 70 operation and maintenance personnel were newly recruited and we have fully utilized this amount to pay salaries.
- Note 4:* As at 31 December 2022, the Group purchased a set of R&D equipment and a set of analog power supplies, acquired 2 additional test board, newly recruited 13 core technology personnel, and proceeds of approximately RMB4.1 million in total have been utilized. Currently, the Group’s technical team and procurement team are still negotiating with suppliers on the acquisition of additional R&D equipment and software. The Company expects to purchase additional R&D equipment and software in 2023 based on the final negotiation results with suppliers.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, there was no significant event after the reporting period and up to the date of this announcement.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save for the disposal of interests in a joint venture as disclosed under the paragraph headed “Business Review — Wind Power Generation” and in the announcement of the Company dated 25 March 2022, the Group did not have any significant investment or material acquisition or disposal of subsidiaries, affiliated companies and joint ventures during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

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

CORPORATE GOVERNANCE CODE

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”). To the best knowledge of the Directors, the Company has complied with all applicable code provisions under the CG Code during the year ended 31 December 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period to 31 December 2022.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee has three members comprising three independent non-executive Directors, being Ms. Hung Pui Yu (“**Ms. Hung**”), Mr. Kang Jian and Mr. Li Shusheng. The Audit Committee is chaired by Ms. Hung, who has appropriate professional qualifications and experience as required by Rule 3.10(2) of the Listing Rules. The Audit Committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2022 and the financial statements for the year ended 31 December 2022 prepared in accordance with the IFRSs.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2023 annual general meeting will be held on Tuesday, 27 June 2023 (the "2023 AGM"). Notice of the 2023 AGM will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

From Wednesday, 21 June 2023 to Tuesday, 27 June 2023 (both days inclusive), during that period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the 2023 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 20 June 2023 for registration of transfer.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.natureenergytech.com and the Stock Exchange's website at www.hkexnews.hk. The annual report for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
China Nature Energy Technology Holdings Limited
Cheng Liqun Richard
Chairman

Hong Kong, 28 March 2023

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Cheng Liqun Richard and Mr. Cheng Li Fu Cliff, one non-executive Director, namely, Mr. Li Hao and three independent non-executive Directors, namely, Ms. Hung Pui Yu, Mr. Kang Jian and Mr. Li Shusheng.