



China Ruifeng Renewable Energy Holdings Limited

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

2023

INTERIM REPORT



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COMPANY INFORMATION

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00527

EXECUTIVE DIRECTORS

Mr. Yuan Wanyong (*Chairman*) (*appointed on 8 June 2023*)
Mr. Zhang Zhixiang (*Chief Executive Officer*)
Mr. Ning Zhongzhi
Mr. Li Tian Hai (*resigned on 1 June 2023*)
Mr. Peng Ziwei (*resigned on 1 June 2023*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Wong Yuk Ki





COMPANY INFORMATION

AUTHORISED REPRESENTATIVES

Mr. Zhang Zhixiang

Ms. Wong Yuk Ki

PRINCIPAL BANKERS

In Hong Kong:

Bank of China (Hong Kong) Limited

China Minsheng Banking Corporation Limited, Hong Kong Branch

China Construction Bank (Asia) Corporation Limited

Hang Seng Bank Limited

The Bank of East Asia Limited

In the People's Republic of China (the "PRC"):

Bank of China Limited

Agricultural Development Bank of China

Industrial and Commercial Bank of China Limited

Bank of Chengde Company Limited

China Construction Bank Corporation

Bank of Hebei Company Limited

REGISTERED OFFICE

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1002, 10/F

Shui On Centre

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Hong Kong

COMPANY WEBSITE

www.c-ruifeng.com

COMPANY INFORMATION

AUDITORS

Linksfield CPA Limited
Certified Public Accountants
Public Interest Entity Auditor
Room 2001-02, 20/F, Podium Plaza
5 Hanoi Road
Tsim Sha Tsui
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong



SUMMARY OF FINANCIAL RESULTS

Below is a summary of the unaudited condensed consolidated financial results of China Ruifeng Renewable Energy Holdings Limited for the six months ended 30 June 2023 together with the comparative figures of the corresponding period in 2022:

	For the six months ended 30 June			Approximate change in percentage %
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	Change RMB'000	
Revenue	190,165	179,744	10,421	6
Gross profit	70,228	52,741	17,487	33
Profit from operations	64,711	48,839	15,872	33
Loss before taxation	(7,991)	(31,677)	23,686	(75)
Loss for the period	(21,080)	(39,453)	18,373	(47)
Attributable to:				
Equity shareholders of the Company	(29,431)	(38,065)	8,634	(23)
Non-controlling interests	8,351	(1,388)	9,739	(702)
Loss for the period	(21,080)	(39,453)	18,373	(47)
			As at 30 June 2023 (unaudited)	As at 31 December 2022 (audited)
Net debt (RMB'000) (note)			(1,322,205)	(1,302,227)
Net assets (RMB'000)			88,429	115,157
Liquidity ratio			176%	189%
Trade receivables turnover (number of days)			157	289
Trade payables turnover (number of days)			31	25
Net debt to equity ratio			1,495%	1,131%

Note:

Net debt: Cash and cash equivalents less borrowings.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of China Ruifeng Renewable Energy Holdings Limited (the “**Company**”, together with its subsidiaries referred to as the “**Group**”), I hereby present to the shareholders of the Company (the “**Shareholders**”) the results of the Group for the six months ended 30 June 2023 (the “**Reporting Period**”).

As a renewable energy enterprise specialised in wind power development and operation, during the first half of 2023, the Group is principally engaged in the business of wind farms operation and is continuing to search for investment opportunities in the energy sectors.

As the requirements on environmental and ecological protection become more stringent, China’s clean energy consumption gains importance, the wind power and other new energy industries as the nation’s seven strategic new industries will get more policy support after the 14th Five-year Plan takes the stage. China has been recognised as having the largest hydropower, wind power and solar power in terms of installed capacity in the world. In the face of the new circumstances and in the effort to capture the opportunities of the government’s policy reforms, the Company will improve its development quality and efficiency to become a world-class renewable energy enterprise characterised by a large scale, high market share, great contribution to the society, strong profitability, solid competitiveness, and sound sustainability, with the objective of bringing continuous, stable and substantial returns to the Shareholders.



CHIEF EXECUTIVE OFFICER'S STATEMENT

As the PRC government pointed out that it was vital for the energy structure to be optimised and adjusted as the transformation of energy development has reached the crucial strategic stage, the wind power industry which spearheads the renewable energy industry is bound to receive an increasing attention. In September 2020, the PRC government proposed the goals of achieving peak carbon emissions and carbon neutrality at the 75th United Nations General Assembly for the first time. It also listed “achieving peak carbon emissions and carbon neutrality” as one of its key tasks in 2021 at its Central Economic Work Conference 2020. To adjust the energy structure and achieve the established targets of the proportion of non-fossil fuel, wind power will inevitably become one of the main energy substitutes and the main contributors to the increase in installed capacity of China.

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

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

Zhang Zhixiang

Chief Executive Officer

Hong Kong, 18 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Wind farm operations

For the six months ended 30 June 2023, the revenue from the wind farm operations amounted to approximately RMB190,165,000 (six months ended 30 June 2022: approximately RMB175,454,000), representing an increase of approximately 8% from that of six months ended 30 June 2022.

Hongsong's wind farm projects

The construction of the Phase 9 Project — The Yuanhui Project of Hebei Hongsong Wind Power Co., Ltd.* (“**Hongsong**”) was completed in December 2013. Hongsong currently has an installed capacity of 398.4 MW, and its wind farm operated in a steady and stable status in 2023 which made primarily contribution to the Group's revenue for the six months ended 30 June 2023. The average utilisation hours of the Company's Hongsong wind farm in Hebei Province for the periods ended 30 June 2023 and 30 June 2022 were approximately 1,063 hours and 996 hours, respectively.

Baotou Yinfeng's wind farm projects

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



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Reporting Period, the Group was principally engaged in wind farms operation through its subsidiary, namely Hongsong.

For the Reporting Period, the Group's revenue amounted to approximately RMB190,165,000 (for the six months ended 30 June 2022: approximately RMB179,744,000). Gross profit increased by approximately 33% to approximately RMB70,228,000 for the Reporting Period (for the six months ended 30 June 2022: approximately RMB52,741,000). The loss for the Reporting Period was approximately RMB21,080,000 (for the six months ended 30 June 2022: loss of approximately RMB39,453,000). The improvement in loss position for the Reporting Period was primarily attributable to the increase in volume of electricity generated as well as the sales of electricity.

Revenue

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

Revenue from wind farms operation for the Reporting Period was approximately RMB190,165,000, representing an increase of approximately 8% as compared with approximately RMB175,454,000 of the corresponding period of 2022. The increase was mainly due to the increase in volume of electricity generated as well as the sales of electricity.

No revenue from incineration of medical wastage was recorded for the Reporting Period as the subsidiary was disposed of in 2022 (for the six months ended 30 June 2022: RMB4,290,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales mainly included the cost of raw materials, staff costs, depreciation, water, electricity, gas and other ancillary materials. Cost of sales for the Reporting Period was approximately RMB119,937,000 (for the six months ended 30 June 2022: approximately RMB127,003,000), representing approximately 63% of the Group's revenue, as compared to approximately 71% for the corresponding period of 2022.

Gross Profit

Gross profit for the Reporting Period increased by approximately 33% to approximately RMB70,228,000 (for the six months ended 30 June 2022: gross profit of approximately RMB52,741,000), which was mainly due to the increase in volume of electricity generated as well as the sales of electricity.

Other Income and Other Gains, net

Other income and other gains, net for the Reporting Period mainly comprised the government subsidy income related to value-added tax refund amounted to approximately RMB9,222,000 (for the six months ended 30 June 2022: approximately RMB11,346,000).

Administrative Expenses

Administrative expenses for the Reporting Period mainly included salaries and welfare expenses, professional fees, entertainment expenses, travelling expenses, insurance expenses and other taxation expenses. It decreased by approximately 13% to approximately RMB18,700,000 for the Reporting Period when compared with approximately RMB21,420,000 for the corresponding period of 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Finance costs for the Reporting Period referred to interest expenses of the Group's borrowings including bank loans and other loans obtained, corporate bonds, notes and convertible bonds issued by the Group. It amounted to approximately RMB72,376,000 for the Reporting Period (for the six months ended 30 June 2022: approximately RMB80,227,000). The decrease was mainly due to the decrease in interest expenses incurred for other loans obtained by Hongsong.

Taxation

Taxation increased from approximately RMB7,776,000 for the six months ended 30 June 2022 to approximately RMB13,089,000 for the Reporting Period, which is due to the increase in taxable profits of Hongsong.

Loss for the Reporting Period

The loss for the Reporting Period was approximately RMB21,080,000 (for the six months ended 30 June 2022: loss of approximately RMB39,453,000). The improvement in loss position for the Reporting Period was primarily attributable to the increase in volume of electricity generated as well as the sales of electricity.

Share Capital

As at 30 June 2023, the total number of issued share capital of the Company comprised 2,374,807,466 ordinary shares of HK\$0.01 each (as at 31 December 2022: 2,049,140,800 ordinary shares of HK\$0.01 each). As at the date of this report, the total number of issued share capital of the Company comprised 474,961,493 ordinary shares of HK\$0.05 each. Please refer to the section "Capital Reorganisation" for details.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

The cash and bank balances as at 30 June 2023 and 31 December 2022 amounted to approximately RMB370,071,000 (mainly denominated in Renminbi (“**RMB**”) and Hong Kong dollar (“**HK\$**”) of approximately RMB364,602,000 and HK\$5,923,000), and approximately RMB420,843,000, respectively.

Total borrowings of the Group as at 30 June 2023 amounted to approximately RMB1,692,276,000, representing a decrease of approximately RMB30,794,000 when compared with approximately RMB1,723,070,000 as at 31 December 2022. The decrease was mainly due to partial repayment of other loans obtained by Hongsong during the Reporting Period.

The Group repaid its debts mainly through steady recurrent cash-flows generated by its operations. The Group’s gearing ratio as at 30 June 2023 was approximately 95% which was comparable to approximately 94% as at 31 December 2022. That ratio was calculated by dividing the Group’s total liabilities by its total assets. During the Reporting Period, all of the Group’s borrowings were settled in RMB and HK\$ and all of the Group’s income was denominated in RMB. Interest bearing borrowings were approximately RMB1,692,276,000 as at 30 June 2023 (31 December 2022: approximately RMB1,723,070,000). Among the interest bearing borrowings of the Group, approximately RMB604,579,000 were fixed rate loans and approximately RMB1,087,697,000 were variable rate loans. The Group had not engaged in any hedging facility against interest rate fluctuations for the Reporting Period and up to the date of this report, as the Board considered that the cost of any hedging policy would be higher than the potential risk of the costs being incurred from interest rate fluctuations in individual transactions.

Exposure to fluctuation in exchange rates

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



MANAGEMENT DISCUSSION AND ANALYSIS

Issuance of Corporate Bonds

During the Reporting Period, the Company issued additional non-listing corporate bonds with principal amount of HK\$3,000,000 (the “**Corporate Bonds**”) to an investor. Corporate Bonds with principal amount of HK\$6,807,000 were matured and redeemed during the Reporting Period (30 June 2022: no additional Corporate Bonds were issued, and Corporate Bonds with principal amount of HK\$16,717,000 were matured and redeemed).

As at 30 June 2023 and 31 December 2022, Corporate Bonds with principal amount of approximately HK\$147,504,000 and HK\$151,311,000 had been issued and had not been repaid respectively. For details, please refer to the announcements of the Company dated 10 July 2014 and 28 April 2015.

Extension of 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 the Convertible Notes, after deducting the Placing Agent’s commission and other related expenses payable by the Company, amounted to approximately HK\$167,900,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

On 10 February 2020, the Company and all the holders of the Convertible Notes entered into third deeds of amendment (the “**Third Amendment Deeds**”) to (i) remove the mechanism under which the holders of the Convertible Notes 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 holders of the Convertible Notes 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 have become unconditional on 12 February 2020 upon approval being received from the Stock Exchange. The Convertible Notes have since then been reclassified as notes (the “**Notes**”).



MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, no principal amount of the Notes has been repaid (30 June 2022: no principal amount of the Notes has been repaid). The Company is currently in negotiation with the holders of the Notes regarding the settlement of the remaining balance of the Notes.

As at 30 June 2023 and 31 December 2022, principal amount of approximately HK\$54,751,000 and HK\$64,751,000 of the Notes had been issued and had not been repaid respectively.

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

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 aggregation in the amount of HK\$313,795,000 due at 2021 and extendable to 2022 at an interest rate of 8% per annum, with the conversion rights to convert the outstanding principal amount of the Convertible Bonds into the shares of the Company 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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 New Convertible Bonds was completed on 28 April 2022.

None of the rights attached to the New Convertible Bonds has been exercised and no conversion shares has been allotted or issued from the conversion of the New Convertible Bonds during the Reporting Period.

Subsequent to the Share Consolidation (as defined below) with effect from 6 July 2023, the New Convertible Bonds are convertible into 395,972,222 new shares, at the conversion price of HK\$0.9 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 and 28 April 2022 and the circular of the Company dated 29 March 2022.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

Based on the estimated net proceeds from the issue of the 2023 Convertible Bonds of approximately HK\$19,400,000 and a total of 325,666,666 conversion shares to be issued at the initial conversion price of HK\$0.06 each upon exercise of the conversion rights in full, the net issue price per conversion share is approximately HK\$0.06.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 Company entered into the placing agreement with the placing agent, Get Nice Securities Limited (the “**Placing Agent**”), in relation to the placing of the Rights Shares that are not subscribed by the qualifying Shareholders or holders of nil-paid rights (the “**Unsubscribed Rights Shares**”) and the Rights Share(s) which would otherwise have been provisionally allotted to the excluded Shareholders (if any) in nil-paid form that has/have not been sold by the Company (the “**ES Unsold Rights Shares**”) to independent places on a best effort basis (the “**Placing**”).

On the record date of 18 July 2023 for determining entitlements of the Shareholders to participate in the Rights Issue, up to 1,187,403,730 Shares were to be allotted and issued pursuant to the Rights Issue. The gross proceeds from Rights Issue amounted to approximately HK\$213.7 million before expenses.

The Company intends to use the net proceeds from the Rights Issue for the following purposes: (i) approximately HK\$92.0 million (or approximately 43.4% of the total net proceeds) for repayment of the Group’s Corporate Bonds; (ii) approximately HK\$70.0 million (or approximately 33.0% of the total net proceeds) for repayment of the Group’s Notes; (iii) approximately HK\$28.8 million (or approximately 13.6% of the total net proceeds) for future business development; and (iv) the remaining balance of approximately HK\$21.2 million (or approximately 10% of the total net proceeds) for general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds will be prioritised and utilised as follows: (i) to settle outstanding sums of Corporate Bonds and/or Notes to the greatest extent; and (ii) any remaining amount (if any) shall be applied to the general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Rights Issue and Placing were completed on 16 August 2023. Further details of the Rights Issue and Placing are set out in the announcements of the Company dated 12 May 2023, 4 July 2023 and 7 August 2023, the circular of the Company dated 14 June 2023 and the prospectus of the Company dated 19 July 2023.

Capital Raising

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

Share Option Scheme

On 29 January 2021, 179,900,000 share options were granted by the Company. Further details are set out in the section headed “Share Option Scheme” in this report and also the announcement of the Company dated 29 January 2021.

Sale and Leaseback Transactions

On 29 November 2019, Huaneng Tiancheng Financial Leasing Co., Ltd. (華能天成融資租賃有限公司) (the “**Lessor**”) and Hongsong, an indirectly non wholly-owned subsidiary of the Company (the “**Lessee**”), entered into a series of sale and leaseback agreements (the “**Sale and Leaseback Agreements**”), pursuant to which, among other things, the Lessor agreed to purchase from the Lessee certain wind power generators, ancillaries, buildings and land use rights (the “**Leased Assets**”) of the operation of a wind farm in Chengde City, Hebei Province, the PRC, at an aggregate consideration of RMB1,800,000,000, which shall be leased back to the Lessee with lease periods range from 5 to 13 years as stipulated in each of the Sale and Leaseback Agreements. Upon expiry of the lease term of each of the Sale and Leaseback Agreements, the Lessee can purchase the Leased Assets at a consideration of RMB20,000. The total purchase consideration for the Leased Assets shall be RMB100,000 in aggregate. The total consideration of the Leased Assets of RMB1,800,000,000 represents a premium of approximately 9.46% 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 were approved, confirmed and ratified at the extraordinary general meeting held on 13 January 2020. During the Reporting Period, nil consideration has been paid by the Lessor. Up to the date of this report, 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.

Material Acquisition and Disposal

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

* *For identification purposes only*



MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 June 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 RMB699,572,000 (31 December 2022: approximately RMB764,433,000), and trade and other receivables with a carrying value of approximately RMB217,436,000 (31 December 2022: approximately RMB164,816,000) as securities for the borrowings obtained by the Group. As at 30 June 2023, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 30 June 2023, the Group had no material contingent liabilities.

Employees and Remuneration Policies

As at 30 June 2023, the Group had 129 full-time employees (31 December 2022: 127 employees) in Hong Kong and the PRC in respect of the Group's operations. For the Reporting Period, the relevant staff costs (including Directors' remuneration) were approximately RMB22,875,000 (for the six months ended 30 June 2022: approximately RMB20,970,000). The Group's remuneration and bonus packages were given based on the performance of its employees in accordance with the general standards of the Group's salary policies.

Events after the Reporting Period

Save as disclosed in headings under "Capital Reorganisation" and "Rights Issue" of this report, the Group did not have any significant events since the end of the Reporting Period and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PROSPECTS

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

On 1 June 2022, nine PRC authorities including the National Development and Reform Commission of China 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. During the second year of the 14th Five-year Plan, China has been steadily developing its wind and solar power industries. Its offshore and decentralised wind power projects and domestic PV projects garnered attention. Under its “dual carbon” goals, China has entered into a new era in relation to its wind and solar energy. National policies will continue to be optimised and adjusted to solve restrictive factors such as the assessment mechanism, consumption conditions, and industry-finance integration, in order to create a standardised market environment, delegate administrative powers and improve government services, give a full play to the dynamics of local governments and market entities, and bring new momentum to the wind and solar power industries.

With technological advancement, wind energy price decreases because of equipment manufacturers’ ability to build larger and lighter wind turbine products. On the other hand, 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. At present, wind power has achieved grid parity, and its economic benefits have become increasingly prominent.



MANAGEMENT DISCUSSION AND ANALYSIS

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

In the long-run, the Group will focus its effort on the development and optimisation of existing renewable energy resources. In parallel to the expansion of wind farm's operational scale and the enhancement of efficiency, the Group will integrate the advantages of all cooperating parties and itself in order to explore more development opportunities in other new areas of clean energy and further consolidate the Group's position in the industry of renewable energy. During the course of business integration and resources integration, possible synergistic opportunities among different business segments will be explored for 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, creating more value for the society, and seeking higher returns for the Shareholders and investors of the Company.

DISCLOSURE OF INTERESTS

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

As at 30 June 2023, save as disclosed below, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”)) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors or chief executives of the Company is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix 10 to the Rules Governing the Listing of Securities (the “Listing Rules”):

Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of shares/underlying shares			Total	Approximate percentage of shareholdings (Note 5)
		Corporate interests	Convertible Bonds	Share options (Note 1)		
Zhang Zhixiang (“Mr. Zhang”)	Beneficial owner/ Interest of controlled corporation	308,867,000 (Note 2)	1,979,861,111 (Note 3)	19,700,000	2,308,428,111	97.2%
Mr. Ning Zhongzhi	Beneficial owner	—	—	19,700,000	19,700,000	0.83%
Mr. Li Tian Hai (resigned on 1 June 2023)	Beneficial owner	—	—	8,000,000	8,000,000	0.34%
Mr. Peng Ziwei (resigned on 1 June 2023)	Beneficial owner	—	—	8,000,000	8,000,000	0.34%
Mr. Qu Weidong	Beneficial owner	—	—	5,200,000	5,200,000	0.22%
Ms. Hu Xiaolin	Beneficial owner	—	—	5,200,000	5,200,000	0.22%
Mr. Jiang Senlin	Beneficial owner	—	—	5,200,000	5,200,000	0.22%



DISCLOSURE OF INTERESTS

Notes:

1. These shares were the shares which would be allotted and issued upon exercise in full of the share options granted to such Director under the share option scheme of the Company, details of which are provided in the section headed “Share Option Scheme” in this report.
2. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era Holdings Limited (“**Diamond Era**”). As at 30 June 2023, Diamond Era was interested in 308,867,000 shares. Mr. Zhang is deemed, or taken to be, interested in the shares of the Company in which Diamond Era is interested for the purpose of the SFO.
3. Filled Converge is wholly-owned by Mr. Zhang which holds the New Convertible Bonds issued by the Company on 28 April 2022 in the principal amount of HK\$356,375,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 1,979,861,111 new shares will be issued to Filled Converge, representing approximately 83.37% of total issued shares issued by the Company as at 30 June 2023.
4. On 6 June 2023 (after trading hours), the assignors and Mr. Yuan Wanyong (“**Mr. Yuan**”) as the second assignee entered into a deed of assignment, pursuant to which Mr. Yuan is entitled to acquire the 80% of the assignors’ respective rights and interests (including the assets and the assigned interest) under the assigned contracts and the debts pursuant to the facility agreement and the security documents if the account charge has become enforceable. The total consideration for such acquisition is HK\$240 million which shall be paid in the manner set out in the deed of assignment. Please refer to the Company’s announcement dated 8 June 2023 for further details.
5. Based on the total number of issued shares (i.e. 2,374,807,466) of the Company as at 30 June 2023.

DISCLOSURE OF INTERESTS

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2023, save as disclosed below, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Number of Shares & Underlying Shares held/interested	Nature of interest	Position	Approximate percentage of shareholdings (Note 4)
Diamond Era (Note 1)	308,867,000	Beneficial owner	Long	13.01%
Filled Converge (Note 2)	1,979,861,111	Beneficial owner	Long	83.37%
Xu Yingjie (Note 3)	325,666,666	Beneficial owner	Long	13.71%

Notes:

1. As at 30 June 2023, Diamond Era was interested in 308,867,000 shares. Diamond Era is wholly-owned by Mr. Zhang, an executive Director.
2. Filled Converge is wholly-owned by Mr. Zhang which holds the New Convertible Bonds issued by the Company on 28 April 2022 in the principal amount of HK\$356,375,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 1,979,861,111 new shares will be issued to Filled Converge, representing approximately 83.37% of total issued shares issued by the Company as at 30 June 2023.
3. The Company allotted and issued 325,666,666 ordinary shares to Mr. Xu on 28 April 2023 in respect of the exercise of the conversion rights attached to the 2023 Convertible Bonds of the Company with principal amount of HK\$19,540,000 issued on 6 February 2023. As at 30 June 2023, Mr. Xu was interested in 325,666,666 shares of the Company. Please refer to the announcement of the Company dated 28 April 2023.
4. Based on the total number of issued shares (i.e. 2,374,807,466) of the Company as at 30 June 2023.



CORPORATE GOVERNANCE

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

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Prior to the appointment of Mr. Yuan as the chairman of the Board (the “**Chairman**”) on 8 June 2023, there has been no Chairman in the Company. Mr. Zhang acted as the Chief Executive Officer of the Company, and is responsible for all day-to-day corporate management matters.

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

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 to the Listing Rules. The Company had made specific enquiries with all the Directors and all the Directors confirmed that they had strictly complied with the required standard set out in the Model Code and the aforesaid code of conduct adopted by the Company for the Reporting Period.

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

CONSTITUTIONAL DOCUMENT

The Shareholders have approved the second amended and restated memorandum and articles of association (the “**New Memorandum and Articles**”) of the Company in the annual general meeting of the Company held on 1 June 2023 by way of special resolution and the New Memorandum and Articles has been published on the respective websites of the Stock Exchange and the Company.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors do not recommend any payment of interim dividend for the Reporting Period (for the six months ended 30 June 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Shareholders on 1 June 2015, a share option scheme (the “**Scheme**”) was adopted by the Company to provide incentives and rewards to eligible persons for their contributions or potential contributions to the Group. The Scheme shall be valid for 10 years from 1 June 2015 and the particulars of the Scheme were set out in the 2020 Annual Report of the Company.

The Company had refreshed 10% scheme mandate limit for granting share options under the Scheme with the Shareholders’ approval on the annual general meeting held on 29 July 2021, a maximum of 197,914,080 share options could be granted and the maximum number of shares to be issued upon full exercise of the share options will be 197,914,080 shares, being 10.00% of the issued share capital of the Company as at 29 July 2021.

During the Reporting Period, no share options were granted, with details show on below table for the share options granted to the Directors and employees under the Scheme during the six months ended 30 June 2023:



OTHER INFORMATION

Name and category of participant	Number of share options				As at 30 June 2023	Grant date	Exercise period (Note)	Exercise price per share
	As at 1 January 2023	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period				
Directors								
Mr. Zhang Zhixiang	19,700,000	—	—	—	19,700,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Mr. Ning Zhongzhi	19,700,000	—	—	—	19,700,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Mr. Li Tian Hai (resigned on 1 June 2023)	8,000,000	—	—	—	8,000,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Mr. Peng Ziwei (resigned on 1 June 2023)	8,000,000	—	—	—	8,000,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Mr. Qu Weidong	5,200,000	—	—	—	5,200,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Ms. Hu Xiaolin	5,200,000	—	—	—	5,200,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Mr. Jiang Senlin	5,200,000	—	—	—	5,200,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Employees								
In aggregate	108,900,000	—	—	—	108,900,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Total	179,900,000	—	—	—	179,900,000			

Note: All share options granted do not have any vesting period.

No share option has been exercised under the Scheme during the six months ended 30 June 2022 and 2023.

As at 30 June 2023, the total number of outstanding share options available for grant under the Scheme was 197,914,080, which represented approximately 8.33% of the issued share capital of the Company (30 June 2022: 197,914,080).

As at the date of this report and subsequent to the Share Consolidation became effective, the total number of share options under the Scheme was 35,980,000 at the exercise price of HK\$0.9 per share. The total number of outstanding share options available for grant was 39,582,816.

OTHER INFORMATION

Save as disclosed in this report, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUDIT COMMITTEE

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



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Revenue	6	190,165	179,744
Cost of sales	7	(119,937)	(127,003)
Gross profit		70,228	52,741
Interest income		3,641	4,771
Other income		9,450	12,347
Other gains, net		92	400
Administrative expenses	7	(18,700)	(21,420)
Operating profit		64,711	48,839
Finance costs	9	(72,376)	(80,227)
Share of losses of associates	15	(326)	(289)
Loss before income tax		(7,991)	(31,677)
Income tax expense	10	(13,089)	(7,776)
Loss for the period		(21,080)	(39,453)
Loss for the period attributable to:			
— the owners of the Company		(29,431)	(38,065)
— non-controlling interests		8,351	(1,388)
		(21,080)	(39,453)
Loss per share attributable to the owners of the Company (in RMB)			
Basic and diluted	11	(0.014)	(0.019)

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Loss for the period	(21,080)	(39,453)
Other comprehensive (loss)/income		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange difference arising on translation of financial statements of foreign operations outside the People's Republic of China (the "PRC")	(28,927)	(29,164)
<i>Item that may not be reclassified to profit or loss:</i>		
Exchange difference arising on translation of financial statements of the Company	5,901	8,446
Other comprehensive loss for the period, net of tax	(23,026)	(20,718)
Total comprehensive loss for the period	(44,106)	(60,171)
Total comprehensive loss for the period attributable to:		
— the owners of the Company	(52,457)	(58,783)
— non-controlling interests	8,351	(1,388)
	(44,106)	(60,171)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	808,628	878,931
Right-of-use assets	14	17,080	20,247
Interests in associates	15	1,710	2,036
Financial assets at fair value through other comprehensive income		32,791	12,791
Financial assets at fair value through profit or loss		4,260	4,260
Prepayments and other receivables	16	163,526	184,026
		1,027,995	1,102,291
Current assets			
Inventories		619	619
Trade and other receivables	16	540,004	482,135
Financial assets at fair value through profit or loss		1,402	2,327
Cash and cash equivalents		370,071	420,843
		912,096	905,924
Total assets		1,940,091	2,008,215

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Notes	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
EQUITY			
Deficit attributable to the owners of the Company			
Share capital	17	20,733	17,884
Reserves		(129,715)	(91,787)
		(108,982)	(73,903)
Non-controlling interests		197,411	189,060
Total equity		88,429	115,157
LIABILITIES			
Non-current liabilities			
Lease liabilities	14	1,984	3,428
Borrowings	19	1,324,089	1,400,619
Deferred income tax liabilities		7,532	9,221
		1,333,605	1,413,268
Current liabilities			
Trade and other payables	18	141,831	151,366
Borrowings	19	368,187	322,451
Lease liabilities	14	2,909	3,703
Current income tax liabilities		5,130	2,270
		518,057	479,790
Total liabilities		1,851,662	1,893,058
Total equity and liabilities		1,940,091	2,008,215

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	(unaudited)												
	Attributable to equity shareholders of the Company										Non-controlling interests		Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Convertible bonds reserve RMB'000	Fair value reserve RMB'000	Share options reserve RMB'000	Warrants reserve RMB'000	Accumulated losses RMB'000	Total			
At 1 January 2022	17,286	1,492,149	91,561	36,521	17,047	184	10,300	13,366	(1,605,892)	72,522	208,666	281,188	
Comprehensive loss													
Loss for the period	—	—	—	—	—	—	—	—	(38,065)	(38,065)	(1,388)	(39,453)	
Other comprehensive loss													
Exchange difference arising on translation of foreign operations	—	—	—	(20,718)	—	—	—	—	—	(20,718)	—	(20,718)	
Total comprehensive loss for the period	—	—	—	(20,718)	—	—	—	—	(38,065)	(58,783)	(1,388)	(60,171)	
Transactions with owners													
Transfer to statutory reserves	—	—	1,796	—	—	—	—	—	(1,796)	—	—	—	
Redemption of convertible bonds	—	—	—	—	(15,982)	—	—	—	15,982	—	—	—	
Issuance of convertible bonds	—	—	—	—	29,654	—	—	—	—	29,654	—	29,654	
Non-controlling interest on capital contribution of a subsidiary	—	—	—	—	—	—	—	—	—	—	1	1	
Changes in ownership interest in a subsidiary that do not result in loss of control (Note 20(b))	—	—	—	—	—	—	—	—	84	84	7,168	7,252	
At 30 June 2022	17,286	1,492,149	93,357	15,803	30,719	184	10,300	13,366	(1,629,687)	43,477	214,447	257,924	

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

— Continued

For the six months ended 30 June 2023

	(unaudited)											
	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Translation reserve	Convertible bonds reserve	Fair value reserve	Share options reserve	Warrants reserve	Accumulated losses	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2023	17,884	1,502,189	93,030	(165)	29,654	4,656	10,300	13,366	(1,744,817)	(73,903)	189,060	115,157
Comprehensive loss												
Loss for the period	—	—	—	—	—	—	—	—	(29,431)	(29,431)	8,351	(21,080)
Other comprehensive loss												
Exchange difference arising on translation of foreign operations	—	—	—	(23,026)	—	—	—	—	—	(23,026)	—	(23,026)
Total comprehensive loss for the period	—	—	—	(23,026)	—	—	—	—	(29,431)	(52,457)	8,351	(44,106)
Transactions with owners												
Transfer to statutory reserves	—	—	2,815	—	—	—	—	—	(2,815)	—	—	—
Issuance of convertible bonds	—	—	—	—	5,672	—	—	—	—	5,672	—	5,672
Conversion of convertible bonds	2,849	14,529	—	—	(5,672)	—	—	—	—	11,706	—	11,706
Lapse of non-listed warrants	—	—	—	—	—	—	—	(13,366)	13,366	—	—	—
At 30 June 2023	20,733	1,516,718	95,845	(23,191)	29,654	4,656	10,300	—	(1,763,697)	(108,982)	197,411	88,429

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Note	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Cash flows from operating activities			
Cash generated from operations	20(a)	66,825	44,476
The PRC corporate income tax paid		(11,928)	(11,148)
Net cash generated from operating activities		54,897	33,328
Cash flows from investing activities			
Payments for property, plant and equipment		(446)	(896)
Proceeds from disposal of items of property, plant and equipment		—	74
Refunds of prepayments for acquisition of property, plant and equipment		500	58
Decrease/(increase) in loan receivables		11,556	(5,699)
Interest received		1,394	1,390
Proceeds from partial disposals of financial assets at fair value through profit or loss		1,013	—
Partial disposal of a subsidiary		—	7,252
Net cash generated from investing activities		14,017	2,179

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Cash flows from financing activities		
Contribution from non-controlling interest upon additional capital injection in a subsidiary	—	1
Proceeds from other loans	3,057	110,000
Proceeds from issue of bonds	2,724	—
Proceeds from issue of convertible bonds	16,838	288,522
Repayment of bank loans and other loans	(76,118)	(63,985)
Repayment of bonds	(5,981)	(13,716)
Repayment of convertible bonds	—	(238,170)
Principal elements of lease payments	(1,701)	(594)
Interest elements of lease payments	(152)	(51)
Other borrowing costs paid	(50,062)	(98,211)
Dividend paid to non-controlling interests	(10,080)	(19)
Net cash used in financing activities	(121,475)	(16,223)
Net (decrease)/increase in cash and cash equivalents	(52,561)	19,284
Cash and cash equivalents at the beginning of the period	420,843	243,295
Effect of foreign exchange rate changes	1,789	2,438
Cash and cash equivalents at the end of the period	370,071	265,017

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

1 General information

China Ruifeng Renewable Energy Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Cap22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The Company’s registered office is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 1002, 10/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 9 June 2006. The Company and its subsidiaries are together referred to as the Group hereinafter.

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

This condensed consolidated financial statement is presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

This condensed consolidated financial statement for the six months ended 30 June 2023 was unaudited but has been reviewed by the audit committee of the Company.

This condensed consolidated financial statement was approved for issue by the Board of Directors of the Company on 18 August 2023.

2 Basis of preparation and accounting policies

This condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). This condensed consolidated financial statement does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”). The principal accounting policies adopted to prepare the condensed consolidated financial statements are consistent with those adopted to prepare the Company’s annual consolidated financial statements for the year ended 31 December 2022.

This condensed 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 are carried at fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

2 Basis of preparation and accounting policies — Continued

The HKICPA has issued a number of amendments to HKFRSs that are first effective for its accounting year beginning on 1 January 2023. None of the 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 in this condensed consolidated financial statement.

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to market risk (including price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

This condensed consolidated financial statement does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. There have been no changes in the risk management policies since 31 December 2022.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3 Financial risk management — Continued

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2023 and 31 December 2022.

As at 30 June 2023 (unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income:				
— unlisted investment	—	—	32,791	32,791
Financial assets at fair value through profit or loss:				
— listed investment	1,402	—	—	1,402
— unlisted investment	—	—	4,260	4,260
	1,402	—	37,051	38,453

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3 Financial risk management — Continued

3.2 Fair value estimation — Continued

As at 31 December 2022 (audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income:				
— unlisted investment	—	—	12,791	12,791
Financial assets at fair value through profit or loss:				
— listed investment	2,327	—	—	2,327
— unlisted investment	—	—	4,260	4,260
	2,327	—	17,051	19,378

There was no transfer of financial assets and liabilities between the fair value hierarchy classifications during the six months ended 30 June 2023 (year ended 31 December 2022: same).

The carrying amounts of the Group's financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to their fair values. The fair value for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

The Group's other assets and liabilities are carried at amortised cost, and their carrying values are a reasonable approximation of their fair values.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3 Financial risk management — Continued

3.2 Fair value estimation — Continued

Reconciliation for financial instruments carried at fair value based on significant unobservable input (level 3) are as follows:

Financial assets at fair value through other comprehensive income

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the year ended 31 December 2022 RMB'000 (audited)
Opening balance	12,791	6,489
Addition	20,000	—
Fair value changes recognised in other comprehensive income	—	6,302
Closing balance	32,791	12,791
Unrealised gain recognised in the condensed consolidated statement of other comprehensive income attributable to balance at the end of the reporting period	—	6,302

Financial assets at fair value through profit or loss

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the year ended 31 December 2022 RMB'000 (audited)
Opening balance	4,260	5,225
Fair value changes recognised in profit or loss	—	(965)
Closing balance	4,260	4,260
Unrealised loss recognised in the condensed consolidated statement of profit or loss attributable to balance at the end of the reporting period	—	(965)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3 Financial risk management — Continued

3.2 Fair value estimation — Continued

The table below sets out information about significant inputs used at period end in measuring financial instruments categorised as level 3 in the fair value hierarchy.

As at 30 June 2023

	Exposure RMB'000 (unaudited)	Valuation techniques	Significant unobservable input	Sensitivity on estimate	
				Estimate	Impact RMB'000 (unaudited)
Unlisted equity investment at fair value through other comprehensive income	12,791	Market approach	Earnings before interest, taxes, depreciation, and amortisation ("EBITDA")	+5%/- 5%	482/(482)
Unlisted equity investment at fair value through other comprehensive income	20,000	Recent transaction price	Recent transaction price	N/A	N/A
Unlisted equity investment at fair value through profit or loss	4,260	Market approach	Revenue	+5%/- 5%	273/(273)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

3 Financial risk management — Continued

3.2 Fair value estimation — Continued

As at 31 December 2022

	Exposure RMB'000 (audited)	Valuation techniques	Significant unobservable input	Sensitivity on estimate	
				Estimate	Impact RMB'000 (audited)
Unlisted equity investment at fair value through other comprehensive income	12,791	Market approach	EBITDA	+5%/- 5%	482/(482)
Unlisted equity investment at fair value through profit or loss	4,260	Market approach	Revenue	+5%/- 5%	273/(273)

4 Critical accounting estimates and judgments

The preparation of this condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated financial statement, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

5 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 six months ended 30 June 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 country/region 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 other receivables, 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:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Hong Kong	1,766	2,410
The PRC	961,178	1,054,830
	962,944	1,057,240



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

5 Segment information — Continued

Key Customers

For the six months ended 30 June 2023, there was one customer (2022: one) which individually contributed over 10% of the Group's total revenue, the revenue contributed from this customer was as follows:

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Customer A	190,165	175,454

6 Revenue

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

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Recognised at a point in time:		
— Sales of electricity	139,018	127,025
— Tariff adjustment	51,147	48,429
	190,165	175,454
Recognised over time:		
— Incineration of medical wastage	—	4,290
	190,165	179,744

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

6 Revenue — Continued

Revenue mainly represents the wind power electricity sales to local grid company in the PRC for the six months ended 30 June 2023 and 2022.

For sales of electricity, the Group generally entered into power purchase agreements with local grid company which stipulate the price of electricity per watt hour. Revenue is recognised when control of the electricity has transferred, being at the point when electricity has generated and transmitted to the customer.

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 local grid company.

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 company for settlement to the wind power company.

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

7 Expenses by nature

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Auditor's remuneration		
— Non-audit services	373	189
Depreciation of property, plant and equipment	70,775	77,691
Depreciation of right-of-use assets	2,649	837
Employee benefit costs, including directors' emoluments (Note 8)	22,875	20,970
Legal and professional fees	1,876	8,982
Repair and maintenance expenses	19,290	22,279
Others	20,799	17,475
Total cost of sales and administrative expenses	138,637	148,423



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

8 Employee benefit costs, including directors' emoluments

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Directors' remuneration:		
— Salaries, wages and other benefits	3,110	2,386
— Contribution to defined contribution plans	21	22
	3,131	2,408
Other staff excluding Directors:		
— Salaries, wages and other benefits	19,676	18,497
— Contribution to defined contribution plans	68	65
	19,744	18,562
	22,875	20,970

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

9 Finance costs

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Interest expense on bank loans and other loans	37,042	53,442
Interest expense on bonds	5,499	5,747
Interest expense on convertible bonds (Note 19 (b))	27,848	8,458
Default interest expense on convertible bonds	—	8,076
Interest expense on notes payables	1,835	4,453
Interest expense on lease liabilities	152	51
	72,376	80,227

10 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 six months ended 30 June 2023 (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 or the British Virgin Islands (2022: Nil).

The applicable income tax rate to the Group's PRC subsidiaries is 25% during the six months ended 30 June 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

10 Income tax expense — Continued

An analysis of the income tax expense is as follows:

	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
PRC Corporate income tax	14,788	9,475
Deferred income tax	(1,699)	(1,699)
	13,089	7,776

11 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 period.

	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Loss attributable to the owners of the Company (RMB'000)	(29,431)	(38,065)
Weighted average number of ordinary shares in issue (in thousands)	2,162,494	1,979,141
Basic loss per share (RMB)	(0.014)	(0.019)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

11 Loss per share — Continued

(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 six months ended 30 June 2023, the Group has three (2022: three) categories of potential ordinary shares: 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.

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

Convertible bonds, share options and warrants (2022: 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 six months ended 30 June 2023 and 2022. Accordingly, diluted loss per share for the six months ended 30 June 2023 and 2022 are same as that of basic loss per share.

12 Interim dividend

The Directors do not recommend any distribution of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

13 Property, plant and equipment

For the six months ended 30 June 2023, the Group acquired and disposed of property, plant and equipment (including construction in progress) amounting to approximately RMB537,000 and RMB65,000, respectively (2022: approximately RMB1,094,000 and RMB106,000, respectively).

14 Right-of-use assets and lease liabilities

No additions to the right-of-use assets during the six months ended 30 June 2023 (2022: Nil).

Disposal of the right-of-use assets during the six months ended 30 June 2023 were approximately RMB520,000 (2022: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

15 Interests in associates

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
At the beginning of the period/year	2,036	2,614
Share of losses for the period/year	(326)	(578)
At the end of the period/year	1,710	2,036

16 Trade and other receivables

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade receivables (<i>Note a</i>)	191,483	138,863
Less: provision for loss allowance	(2,030)	(2,030)
	189,453	136,833
Prepayments, deposits, and other receivables (<i>Note b</i>)	514,077	529,328
	703,530	666,161
Less: Non-current proportion		
— Prepayments for acquisition of property, plant and equipment and investments	(135,526)	(156,026)
— Deposit for non-current other loans	(28,000)	(28,000)
	(163,526)	(184,026)
Current portion	540,004	482,135

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

16 Trade and other receivables — Continued

(a) Trade receivables

As at 30 June 2023, the Group has pledged certain of its trade receivables with carrying values of approximately RMB189,436,000 (31 December 2022: approximately RMB136,816,000) to secure its other loans (31 December 2022: other loans).

The Group's trade receivables are mainly sales of electricity receivable from local grid company. 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 local grid company, which therefore takes a relatively long time for settlement. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Unbilled (Note)	173,114	115,318
Within three months	16,322	21,498
More than three months but within one year	—	—
More than one year	17	17
	189,453	136,833

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

16 Trade and other receivables — Continued

(a) Trade receivables — Continued

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

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within three months	41,185	41,707
More than three months but within one year	66,652	68,234
More than one year	81,616	26,892
	189,453	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 impairment loss is written off against trade receivables directly.

At 30 June 2023, trade receivables of the Group amounting to approximately RMB2,030,000 (31 December 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 30 June 2023 and 31 December 2022 or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

16 Trade and other receivables — Continued

(b) Prepayments, deposits, and other receivables

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Other receivables	348,232	335,319
Less: provision for loss allowance	(186,967)	(186,967)
	161,265	148,352
Loan receivables	225,001	236,557
Less: provision for loss allowance	(64,921)	(64,921)
	160,080	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	12,924	9,923
Less: provision for loss allowance	—	—
	12,924	9,923
Deposit for other loans	28,000	28,000
Prepayments	151,808	171,417
Total	514,077	529,328
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	(135,526)	(156,026)
— Deposit for non-current other loans	(28,000)	(28,000)
	(163,526)	(184,026)
	350,551	345,302



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

17 Share capital

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Authorised 10,000,000,000 shares at HK\$0.01 each	87,912	87,912
Issued and fully paid Approximately 2,374,807,000 (31 December 2022: approximately 2,049,141,000) shares at HK\$0.01 each (Note (i))	20,733	17,884

Note:

- (i) On 28 April 2023, the 2023 Convertible Bonds (as defined in Note 19 (b)(ii)) with the principal amount of HK\$19,540,000 was converted into 325,666,666 ordinary shares at the conversion price of HK\$0.06 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

18 Trade and other payables

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Trade payables	21,599	19,243
Interest payables	35,509	34,547
Other tax payables	—	1,232
Payables on acquisition of property, plant, and equipment	12,150	12,059
Payables on acquisition of a subsidiary	14,007	14,007
Amounts due to directors	2,367	9,442
Amounts due to non-controlling interests	9,342	19,422
Other payables and accruals	46,857	41,414
	141,831	151,366

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

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Within three months	21,224	18,867
More than three months but within one year	6	6
More than one year	369	370
	21,599	19,243

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

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
RMB	95,698	106,888
HK\$	46,133	44,478
	141,831	151,366



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

19 Borrowings

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Bank loans, secured	—	8,000
Bonds	144,175	142,666
Notes payables (<i>Note a</i>)	63,849	59,107
Convertible bonds (<i>Note b</i>)	345,634	302,619
Other loans from third parties	1,138,618	1,210,678
Total	1,692,276	1,723,070
Less: Non-current portion		
— Bonds	(50,600)	(71,713)
— Convertible bonds (<i>Note b</i>)	(328,853)	(302,619)
— Other loans from third parties	(944,636)	(1,026,287)
Current portion	(1,324,089)	(1,400,619)
	368,187	322,451

(a) Notes payables

Interest expenses on the notes payables were calculated using the effective interest method by applying the effective interest rate of approximately 16% per annum.

During the six months ended 30 June 2023, the notes payables with principal amount of nil (2022: nil) has been repaid. The Company is currently in negotiation with all the noteholders regarding the settlement of the remaining balance of the notes payables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

19 Borrowings — Continued

(b) Convertible bonds

(i) 2022 Convertible Bonds

On 28 January 2022, the Company and Filled Converge Limited (“**Filled Converge**”) (a company wholly-owned by Mr. Zhang, an executive director of the Company) entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and Filled Converge conditionally agreed to subscribe for the convertible bonds in the principal amount of HK\$356,375,000 (the “**2022 Convertible Bonds**”), which would be used for the settlement of outstanding principal amount and interest payable of the convertible bonds issued in 2019 due to Filled Converge. The 2022 Convertible Bonds are due in 2025 and at an interest rate of 10% per annum, with the conversion rights to convert the outstanding principal amount of the 2022 Convertible Bonds into the shares at an initial conversion price of HK\$0.180 per conversion share. The issuance of 2022 Convertible Bonds have been completed on 28 April 2022.

The Company may demand early redemption of any amount of the outstanding principal amounts of the 2022 Convertible Bonds at any time from the issue date but not less than fourteen business days prior to the maturity date, having given not less than ten days’ notice (the “**Issuer Redemption Notice**”) to the bondholder. Early redemption of the 2022 Convertible Bonds will be made at (i) the principal amount of the redeemed 2022 Convertible Bonds plus any accrued and unpaid interest up to and including the date of Issuer Redemption Notice; and (ii) an amount equal to a gross yield to maturity of 15% per annum (calculated on the principal amount of the redeemed 2022 Convertible Bonds for the period from the issue date up to and including the date of redemption) minus all interest paid thereon on or prior to the date of the Issuer Redemption Notice.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

19 Borrowings — Continued

(b) Convertible bonds — Continued

(i) 2022 Convertible Bonds — Continued

Bondholders have the right on any business day during the conversion period to convert in whole or in part the outstanding principal amount of the 2022 Convertible Bonds in whole or in integral multiple of HK\$1,000 into conversion shares at an initial conversion price of HK\$0.180 per conversion share (subject to adjustments).

On initial recognition on 28 April 2022, the fair value of the equity component and liability component (determined using the prevailing market interest rate of similar non-convertible debts) of 2022 Convertible Bonds as a whole has been ascertained by an independent valuer, CNK International Asset Valuation Limited.

Interest expenses on the 2022 Convertible Bonds were calculated using the effective interest method by applying the effective interest rate of approximately 19.4% per annum to the respective liability component.

Pursuant to the 2022 Convertible Bonds instrument, if the 2022 Convertible Bonds are not redeemed on the maturity date, the conversion rights attached to the 2022 Convertible Bonds will revive or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of the 2022 Convertible Bonds have been duly and irrevocably received by the bondholders and, notwithstanding that the full amount of moneys payable in respect of such 2022 Convertible Bonds shall have been received by the bondholders before such conversion date or that the conversion period may have expired before such conversion date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

19 Borrowings — Continued

(b) Convertible bonds — Continued

(ii) 2023 Convertible Bonds

On 20 December 2022, the Company and Mr. Xu Yingjie (“**Mr. Xu**”) entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue, and Mr. Xu conditionally agreed to subscribe for the convertible bonds in the principal amount of HK\$19,540,000 (the “**2023 Convertible Bonds**”). The 2023 Convertible Bonds are due in 2026 and at an interest rate of 7% per annum, which the conversion rights to convert the outstanding principal amount of the 2023 Convertible Bonds into the shares at an initial conversion price of HK\$0.06 per conversion share. The issuance of 2023 Convertible Bonds have been completed on 6 February 2023.

The Company may demand early redemption of any amount of the outstanding principal amounts of the 2023 Convertible Bonds at any time from the issue date but not less than fourteen business days prior to the maturity date, having given the Issuer Redemption Notice to the bondholder. Early redemption of the 2023 Convertible Bonds will be made at (i) the principal amount of the redeemed 2023 Convertible Bonds plus any accrued and unpaid interest up to and including the date of Issuer Redemption Notice; and (ii) an amount equal to a gross yield to maturity of 7% per annum (calculated on the principal amount of the redeemed 2023 Convertible Bonds for the period from the issue date up to and including the date of redemption) minus all interest paid thereon on or prior to the date of the Issuer Redemption Notice.

Bondholders have the right on any business day during the conversion period to convert in whole or in part the outstanding principal amount of the 2023 Convertible Bonds in whole or in integral multiples of HK\$1,000 into conversion shares at an initial conversion price of HK\$0.06 per conversion share (subject to adjustments).

On initial recognition on 6 February 2023, the fair value of the equity component and liability component (determined using the prevailing market interest rate of similar non-convertible debts) of 2023 Convertible Bonds as a whole has been ascertained by an independent valuer, CNK International Asset Valuation Limited.

Interest expenses on the 2023 Convertible Bonds were calculated using the effective interest method by applying the effective interest rate of approximately 24.0% per annum, to the respective liability component.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

19 Borrowings — Continued

(b) Convertible bonds — Continued

(ii) 2023 Convertible Bonds — Continued

Pursuant to the 2023 Convertible Bonds instrument, if the 2023 Convertible Bonds are not redeemed on the maturity date, the conversion rights attached to the 2023 Convertible Bonds will revive or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of the 2023 Convertible Bonds have been duly and irrevocably received by the bondholders and, notwithstanding that the full amount of moneys payable in respect of such 2023 Convertible Bonds shall have been received by the bondholders before such conversion date or that the conversion period may have expired before such conversion date.

On 28 April 2023, the 2023 Convertible Bonds with the principal amount of HK\$19,540,000 was fully converted into 325,666,666 ordinary shares at the conversion price of HK\$0.06 per share.

The movement of liability and equity component of the 2022 Convertible Bonds and 2023 Convertible Bonds for the period is set out as below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 January 2023	302,619	29,654	332,273
Issued during the period	11,166	5,672	16,838
Interest expenses (<i>Note 9</i>)	27,848	—	27,848
Settlement of interest	—	—	—
Conversion	(11,706)	(5,672)	(17,378)
Exchange realignment	15,707	—	15,707
As at 30 June 2023	345,634	29,654	375,288

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

20 Notes to the condensed consolidated statement of cash flows

(a) Cash generated from operations

	Notes	For the six months ended 30 June 2023 RMB'000 (unaudited)	For the six months ended 30 June 2022 RMB'000 (unaudited)
Loss before income tax		(7,991)	(31,677)
Adjustments for:			
Depreciation of property, plant and equipment	7	70,775	77,691
Depreciation of right-of-use assets	7	2,649	837
Interest income		(3,641)	(1,390)
Finance costs	9	72,376	80,227
Loss on disposal of property, plant and equipment		49	32
Share of losses of associates		326	289
Deferred income		—	(90)
Fair value gains on financial assets at fair value through profit or loss		(32)	(432)
Operating profit before working capital changes		134,511	125,487
Changes in working capital:			
Inventories		—	(10)
Trade and other receivables		(64,159)	(69,435)
Amount due from a non-controlling interest		(3,001)	(3,000)
Trade and other payables		6,549	(12,217)
Amounts due to directors		(7,075)	3,651
Cash generated from operations		66,825	44,476



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

20 Notes to the condensed consolidated statement of cash flows — Continued

(b) Disposal of a subsidiary without loss of control

On 14 March 2022, the Group entered into an agreement with a purchaser to dispose 49% of the issued share capital of a subsidiary, Chengde Jiaheng Medical Waste Disposal Co., Ltd.* (承德嘉恒醫療廢棄物處置有限公司) (“**Chengde Jiaheng**”), for a cash consideration of approximately RMB7,252,000. After the partial disposal, the Group’s interest in Chengde Jiaheng dropped from 100% to 51%. The effect of the disposal of Chengde Jiaheng on equity attributable to the Group’s shareholders is summarised as follows:

	RMB’000
Consideration received from non-controlling interest	7,252
Less: carrying amount of non-controlling interests disposed of	(7,168)
Gain on disposal credited to retained earnings	84

21 Related party transactions

Save as the transactions and balances disclosed elsewhere in the condensed consolidated financial statements and the followings, the Group did not enter into any other material related party transaction.

Key management compensation

The executive directors of the Company are regarded as key management. Details of the key management compensation are disclosed in Note 8 to the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

22 Commitments

As at 30 June 2023, capital commitments outstanding not provided for in the condensed consolidated financial statements were as follows:

	As at 30 June 2023 RMB'000 (unaudited)	As at 31 December 2022 RMB'000 (audited)
Acquisition of property, plant and equipment — Contracted for	43,644	43,802

23 Comparative Figures

Certain comparative figures have been reclassified to conform the current period's presentation of the condensed consolidated financial statements.

* *For identification purposes only*

