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**CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED**

**中國瑞風新能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00527)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of China Ruifeng Renewable Energy Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with the comparative figures for the last corresponding period as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

		For the six months ended 30 June 2024 RMB'000 (unaudited)	For the six months ended 30 June 2023 RMB'000 (unaudited)
	<i>Notes</i>		
<b>Revenue</b>	2	<b>173,602</b>	190,165
Cost of sales	3	<u>(109,022)</u>	<u>(119,937)</u>
<b>Gross profit</b>		<b>64,580</b>	70,228
Interest income		<b>4,104</b>	3,641
Other income		<b>11,031</b>	9,450
Other (losses)/gains, net		<b>(861)</b>	92
Administrative expenses	3	<u>(22,469)</u>	<u>(18,700)</u>
<b>Operating profit</b>		<b>56,385</b>	64,711
Finance costs	4	<b>(63,765)</b>	(72,376)
Share of losses of associates		<b>(19)</b>	(326)
Share of profits of joint ventures		<u>1</u>	<u>—</u>
<b>Loss before income tax</b>		<b>(7,398)</b>	(7,991)
Income tax expense	5	<u>(14,446)</u>	<u>(13,089)</u>
<b>Loss for the period</b>		<b><u>(21,844)</u></b>	<b><u>(21,080)</u></b>
<b>Loss for the period attributable to:</b>			
— the owners of the Company		<b>(36,818)</b>	(29,431)
— non-controlling interests		<u>14,974</u>	<u>8,351</u>
		<b><u>(21,844)</u></b>	<b><u>(21,080)</u></b>
<b>Loss per share attributable to the owners of the Company (in RMB)</b>			(Restated)
Basic and diluted	7	<u>(0.022)</u>	<u>(0.041)</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	For the six months ended 30 June 2024 RMB'000 (unaudited)	For the six months ended 30 June 2023 RMB'000 (unaudited)
<b>Loss for the period</b>	<b>(21,844)</b>	<b>(21,080)</b>
<b>Other comprehensive (loss)/income</b>		
<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")	(15,742)	(28,927)
<i>Item that may not be reclassified to profit or loss:</i>		
Exchange difference arising on translation of financial statements of the Company	<u>6,128</u>	<u>5,901</u>
<b>Other comprehensive loss for the period, net of tax</b>	<u><b>(9,614)</b></u>	<u><b>(23,026)</b></u>
<b>Total comprehensive loss for the period</b>	<u><u><b>(31,458)</b></u></u>	<u><u><b>(44,106)</b></u></u>
<b>Total comprehensive loss for the period attributable to:</b>		
— the owners of the Company	(46,432)	(52,457)
— non-controlling interests	<u>14,974</u>	<u>8,351</u>
	<u><u><b>(31,458)</b></u></u>	<u><u><b>(44,106)</b></u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		As at <b>30 June 2024</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(audited)</b>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>680,724</b>	744,622
Right-of-use assets		<b>16,270</b>	16,082
Interests in associates		<b>1,470</b>	1,489
Interests in joint ventures		<b>3,062</b>	3,061
Financial assets at fair value through other comprehensive income		<b>27,370</b>	27,370
Financial assets at fair value through profit or loss		<b>3,324</b>	3,324
Prepayments and other receivables	9	<b>191,776</b>	161,776
		<b>923,996</b>	957,724
<b>Current assets</b>			
Trade and other receivables	9	<b>582,067</b>	520,211
Financial assets at fair value through profit or loss		<b>5,434</b>	2,022
Cash and cash equivalents		<b>244,468</b>	385,512
		<b>831,969</b>	907,745
<b>Total assets</b>		<b><u>1,755,965</u></b>	<b><u>1,865,469</u></b>
<b>EQUITY</b>			
<b>(Deficit)/equity attributable to the owners of the Company</b>			
Share capital	12	<b>75,057</b>	75,057
Reserves		<b>(110,947)</b>	(64,306)
		<b>(35,890)</b>	10,751
Non-controlling interests		<b>204,178</b>	201,237
<b>Total equity</b>		<b><u>168,288</u></b>	<b><u>211,988</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**— CONTINUED**

*As at 30 June 2024*

		As at <b>30 June 2024</b>	As at 31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,407</b>	1,073
Borrowings	<i>11</i>	<b>807,603</b>	1,238,293
Deferred income tax liabilities		<b>4,134</b>	5,827
		<u><b>813,144</b></u>	<u>1,245,193</u>
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	<b>102,549</b>	107,713
Borrowings	<i>11</i>	<b>663,199</b>	281,242
Lease liabilities		<b>4,520</b>	3,752
Current income tax liabilities		<b>4,265</b>	15,581
		<u><b>774,533</b></u>	<u>408,288</u>
<b>Total liabilities</b>		<u><b>1,587,677</b></u>	<u>1,653,481</u>
<b>Total equity and liabilities</b>		<u><b>1,755,965</b></u>	<u>1,865,469</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This condensed consolidated financial statements for the six months ended 30 June 2024 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 2023, 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 2023.

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.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for its accounting year beginning on 1 January 2024. 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.

## 2. REVENUE

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

	<b>For the six months ended 30 June 2024 RMB'000 (unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (unaudited)
Recognised at a point in time:		
— Sales of electricity	125,113	139,018
— Tariff adjustment	46,015	51,147
— Sales of petroleum coke	2,474	—
	<u>173,602</u>	<u>190,165</u>

Revenue mainly represents the wind power electricity sales to local grid company in the PRC for the six months ended 30 June 2024 and 2023.

## 3. EXPENSES BY NATURE

	<b>For the six months ended 30 June 2024 RMB'000 (unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (unaudited)
Auditor's remuneration		
— Non-audit services	194	373
Depreciation of property, plant and equipment	65,405	70,775
Depreciation of right-of-use assets	3,318	2,649
Employee benefit costs, including directors' emoluments	24,686	22,875
Legal and professional fees	1,450	1,876
Repair and maintenance expenses	15,621	19,290
Consumable expenses	7,959	11,204
Cost of goods sold	2,440	—
Others	10,418	9,595
	<u>131,491</u>	<u>138,637</u>

#### 4. FINANCE COSTS

	<b>For the six months ended 30 June 2024 RMB'000 (unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (unaudited)
Interest expense on bank loans and other loans	26,810	37,042
Interest expense on bonds	5,828	5,499
Interest expense on convertible bonds	30,971	27,848
Interest expense on notes payables	—	1,835
Interest expense on lease liabilities	156	152
	<u>63,765</u>	<u>72,376</u>

#### 5. INCOME TAX EXPENSE

No provision of Hong Kong Profits tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong during the six months ended 30 June 2024 (2023: 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 (2023: Nil).

The applicable income tax rate to the Group's PRC subsidiaries is 25% during the six months ended 30 June 2024 and 2023.

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

An analysis of the income tax expense is as follows:

	<b>For the six months ended 30 June 2024 RMB'000 (unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (unaudited)
PRC Corporate income tax	16,145	14,788
Deferred income tax	(1,699)	(1,699)
	<u>14,446</u>	<u>13,089</u>



## 6. INTERIM DIVIDEND

The Directors do not recommend any payment of interim dividend for the Reporting Period (for the six months ended 30 June 2023: Nil).

## 7. 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.

	<b>For the six months ended 30 June 2024 (unaudited)</b>	For the six months ended 30 June 2023 (unaudited) (Restated)
Loss attributable to the owners of the Company (RMB'000)	<b>(36,818)</b>	(29,431)
Weighted average number of ordinary shares in issue (in thousands) (Note)	<u>1,662,365</u>	<u>713,415</u>
Basic loss per share (RMB)	<u><b>(0.022)</b></u>	<u>(0.041)</u>

*Note:*

The weighted average number of ordinary shares for the six months ended 30 June 2023 has been adjusted and restated for the five-to-one share consolidation of the Company with effect from 6 July 2023 and for the bonus element in the rights issue completed during the year ended 31 December 2023.

### (b) Diluted loss per share

Diluted loss per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the six months ended 30 June 2024, the Group has two (2023: three) categories of potential ordinary shares: convertible bonds and share options (2023: 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 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.

Convertible bonds and share options (2023: 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 2024 and 2023. Accordingly, diluted loss per share for the six months ended 30 June 2024 and 2023 are same as that of basic loss per share.

## 8. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2024, the Group acquired and disposed of property, plant and equipment (including construction in progress) amounting to approximately RMB2,058,000 and RMB595,000, respectively (2023: approximately RMB537,000 and RMB65,000, respectively).

## 9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Trade receivables ( <i>Note a</i> )	232,031	198,033
Less: provision for loss allowance	<u>(2,030)</u>	<u>(2,030)</u>
	230,001	196,003
Prepayments, deposits, and other receivables ( <i>Note b</i> )	<u>543,842</u>	<u>485,984</u>
	773,843	681,987
Less: non-current proportion		
— Prepayments for acquisition of property, plant and equipment and investments	(163,776)	(133,776)
— Deposit for non-current other loans	<u>(28,000)</u>	<u>(28,000)</u>
	(191,776)	(161,776)
Current portion	<u><u>582,067</u></u>	<u><u>520,211</u></u>

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

(a) **Trade receivables**

As at 30 June 2024, the Group has pledged certain of its trade receivables with carrying values of approximately RMB228,253,000 (31 December 2023: approximately RMB194,797,000) to secure its other loans (31 December 2023: 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:

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Unbilled ( <i>Note</i> )	<b>215,715</b>	165,403
Within three months	<b>13,083</b>	30,600
More than three months but within one year	<b>1,203</b>	—
More than one year	<b>—</b>	—
	<b><u>230,001</u></b>	<b><u>196,003</u></b>

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

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

	<b>As at 30 June 2024 RMB'000 (unaudited)</b>	<b>As at 31 December 2023 RMB'000 (audited)</b>
Within three months	<b>32,837</b>	64,402
More than three months but within one year	<b>79,132</b>	69,685
More than one year	<b>118,032</b>	61,916
	<b><u>230,001</u></b>	<b><u>196,003</u></b>

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 2024, trade receivables of the Group amounting to approximately RMB2,030,000 (31 December 2023: 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 2024 and 31 December 2023 or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

**(b) Prepayments, deposits, and other receivables**

	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Other receivables	367,982	345,354
Less: provision for loss allowance	<u>(201,427)</u>	<u>(201,427)</u>
	<u>166,555</u>	143,927
Loan receivables	219,005	218,856
Less: provision for loss allowance	<u>(66,642)</u>	<u>(66,642)</u>
	<u>152,363</u>	152,214
Amount due from an associate	29,187	29,187
Less: provision for loss allowance	<u>(29,187)</u>	<u>(29,187)</u>
	<u>—</u>	<u>—</u>
Amount due from a non-controlling interest	16,178	14,923
Deposit for other loans	28,000	28,000
Prepayments	<u>180,746</u>	<u>146,920</u>
Total	<u>543,842</u>	<u>485,984</u>
Less: non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	(163,776)	(133,776)
— Deposit for non-current other loans	<u>(28,000)</u>	<u>(28,000)</u>
	<u>(191,776)</u>	<u>(161,776)</u>
Current portion	<u><u>352,066</u></u>	<u><u>324,208</u></u>

## 10. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Trade payables	14,957	21,196
Interest payables	11,683	22,783
Payables on acquisition of property, plant and equipment	12,219	12,190
Payables on acquisition of a subsidiary	13,143	13,143
Amounts due to directors	2,001	1,340
Amounts due to non-controlling interests	14,484	2,314
Amount due to an associate	1,629	681
Other payables and accruals	32,433	34,066
	<u>102,549</u>	<u>107,713</u>

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

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
Within three months	14,395	20,826
More than three months but within one year	208	35
More than one year	354	335
	<u>14,957</u>	<u>21,196</u>

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

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
RMB	88,705	76,323
HK\$	13,844	31,390
	<u>102,549</u>	<u>107,713</u>

## 11. BORROWINGS

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> <b>(unaudited)</b>	As at 31 December 2023 <i>RMB'000</i> <b>(audited)</b>
Bank loans, secured	<b>1,344</b>	1,433
Bonds	<b>103,538</b>	109,360
Notes payables	<b>7,935</b>	7,749
Convertible bonds	<b>376,165</b>	336,723
Other loans	<b>977,350</b>	1,059,800
Loans from related parties	<b>4,470</b>	4,470
	<hr/>	<hr/>
Total	<b>1,470,802</b>	1,519,535
	<hr/>	<hr/>
Less: non-current portion		
— Bank loans, secured	<b>(1,065)</b>	(1,181)
— Bonds	<b>(7,536)</b>	(29,582)
— Convertible bonds	—	(336,440)
— Other loans	<b>(799,002)</b>	(867,620)
— Loans from related parties	—	(3,470)
	<hr/>	<hr/>
	<b>(807,603)</b>	(1,238,293)
	<hr/>	<hr/>
Current portion	<b>(663,199)</b>	281,242
	<hr/> <hr/>	<hr/> <hr/>

## 12. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Authorised		
As at 1 January 2023 (Audited), ordinary shares of HK\$0.01 each	10,000,000	87,912
Capital reorganisation		
— Share Consolidation	(8,000,000)	—
— Increase in authorised share capital	8,000,000	—
	<u>10,000,000</u>	<u>87,912</u>
As at 31 December 2023 (Audited), 1 January 2024 (Audited) and 30 June 2024 (Unaudited) ordinary shares of HK\$0.05 each	<u>10,000,000</u>	<u>87,912</u>
Issued and fully paid		
As at 1 January 2023 (Audited), ordinary shares of HK\$0.01 each	2,049,141	17,884
Conversion of convertible bonds	325,667	2,850
Capital reorganisation		
— Share Consolidation	(1,899,847)	—
Issuance of shares under rights issue	1,187,404	54,323
	<u>1,662,365</u>	<u>75,057</u>

## 13. COMMITMENTS

As at 30 June 2024, capital commitments outstanding not provided for in the condensed consolidated financial statements were as follows:

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Acquisition of property, plant and equipment		
— Contracted for	<u>43,969</u>	<u>42,951</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

#### Wind farm operations

For the six months ended 30 June 2024, the revenue from the wind farm operations amounted to approximately RMB171,128,000 (six months ended 30 June 2023: approximately RMB190,165,000), representing a decrease of approximately 10% from that of six months ended 30 June 2023.

#### 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 2024 which made primarily contribution to the Group's revenue for the six months ended 30 June 2024. The average utilisation hours of the Company's Hongsong wind farm in Hebei Province for the periods ended 30 June 2024 and 30 June 2023 were approximately 969 hours and 1,063 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.



## **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 RMB173,602,000 (for the six months ended 30 June 2023: approximately RMB190,165,000). Gross profit decreased by approximately 8% to approximately RMB64,580,000 for the Reporting Period (for the six months ended 30 June 2023: approximately RMB70,228,000). The loss for the Reporting Period was approximately RMB21,844,000 (for the six months ended 30 June 2023: loss of approximately RMB21,080,000). The loss position for the Reporting Period was primarily attributable to the decrease 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 and sales of petroleum coke. 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 RMB171,128,000, representing a decrease of approximately 10% as compared with approximately RMB190,165,000 of the corresponding period of 2023. The decrease was mainly due to the decrease in volume of electricity generated as well as the sales of electricity.

Revenue from sales of petroleum coke for the Reporting Period was approximately RMB2,474,000 (for the six months ended 30 June 2023: Nil).

### **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 RMB109,022,000 (for the six months ended 30 June 2023: approximately RMB119,937,000), representing approximately 63% of the Group's revenue, as compared to approximately 63% for the corresponding period of 2023.

## **Gross Profit**

Gross profit for the Reporting Period decreased by approximately 8% to approximately RMB64,580,000 (for the six months ended 30 June 2023: gross profit of approximately RMB70,228,000), which was mainly due to the decrease in volume of electricity generated as well as the sales of electricity.

## **Other Income and Other (Losses)/Gains, net**

Other income and other (losses)/gains, net for the Reporting Period mainly comprised the government subsidy income related to value-added tax refund amounted to approximately RMB9,452,000 (for the six months ended 30 June 2023: approximately RMB9,222,000) and rental income from operating lease of premises amounted to approximately RMB1,562,000 (for the six months ended 30 June 2023: approximately RMB36,000).

## **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 increased by approximately 20% to approximately RMB22,469,000 for the Reporting Period when compared with approximately RMB18,700,000 for the corresponding period of 2023.

## **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 RMB63,765,000 for the Reporting Period (for the six months ended 30 June 2023: approximately RMB72,376,000). The decrease was mainly due to the decrease in interest expenses incurred for other loans obtained by Hongsong.

## **Taxation**

Taxation increased from approximately RMB13,089,000 for the six months ended 30 June 2023 to approximately RMB14,446,000 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 RMB21,844,000 (for the six months ended 30 June 2023: loss of approximately RMB21,080,000). The loss position for the Reporting Period was primarily attributable to the decrease in volume of electricity generated as well as the sales of electricity.

## **Share Capital**

As at 30 June 2024, the total number of issued share capital of the Company comprised 1,662,365,223 ordinary shares of HK\$0.05 each (as at 31 December 2023: 1,662,365,223 ordinary shares of HK\$0.05 each). As at the date of this announcement, the total number of issued share capital of the Company comprised 1,662,365,223 ordinary shares of HK\$0.05 each.

## **Liquidity and Financial Resources**

The cash and bank balances as at 30 June 2024 and 31 December 2023 amounted to approximately RMB244,468,000 (mainly denominated in Renminbi (“**RMB**”) and Hong Kong dollar (“**HK\$**”) of approximately RMB242,608,000 and HK\$2,029,000), and approximately RMB385,512,000, respectively.

Total borrowings of the Group as at 30 June 2024 amounted to approximately RMB1,470,802,000, representing a decrease of approximately RMB48,733,000 when compared with approximately RMB1,519,535,000 as at 31 December 2023. 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 2024 was approximately 90% which was comparable to approximately 89% as at 31 December 2023. 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 RMB1,470,802,000 as at 30 June 2024 (31 December 2023: approximately RMB1,519,535,000). Among the interest bearing borrowings of the Group, approximately RMB533,452,000 were fixed rate loans and approximately RMB937,350,000 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 announcement, as the Board considered that the cost of any hedging policy would be higher than the potential risk of the costs being incurred from interest rate fluctuations in individual transactions.

## **Exposure to fluctuation in exchange rates**

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

## **Issuance of Corporate Bonds**

During the Reporting Period, the Company did not issue additional non-listing corporate bonds (the “**Corporate Bonds**”) to investors. Corporate Bonds with principal amount of HK\$10,406,000 were matured and redeemed during the Reporting Period (30 June 2023: HK\$3,000,000 additional Corporate Bonds were issued, and Corporate Bonds with principal amount of HK\$6,807,000 were matured and redeemed).

As at 30 June 2024 and 31 December 2023, Corporate Bonds with principal amount of approximately HK\$106,010,000 and HK\$116,416,000 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.

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**”).

As at 30 June 2024, all outstanding principal amount of the Notes had been repaid.

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

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

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

## **Capital Reorganisation**

### ***Rights Issue***

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

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

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

	<b>Intended use of the net proceeds (HK\$ million)</b>	<b>Actual use of the net proceeds up to 30 June 2024 (HK\$ million)</b>	<b>Unutilised net proceeds up to 30 June 2024 (HK\$ million)</b>	<b>Expected timeline on utilisation of unutilised net proceeds</b>
Repayment of the Corporate Bonds	92.0	43.9	48.1	December 2024
Repayment of the Notes	70.0	70.0	—	N/A
Future business development	27.8	27.8	—	N/A
General working capital	21.2	21.2	—	N/A
	<u>211.0</u>	<u>162.9</u>	<u>48.1</u>	
Total	<u>211.0</u>	<u>162.9</u>	<u>48.1</u>	

### **Capital Raising**

Save as disclosed in this announcement, 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 at the exercise price of HK\$0.18 per share. Subsequent to the Rights Issue with effect from 22 August 2023, the number of shares to be issued upon exercise of the outstanding share options was adjusted to 59,295,040 shares at the exercise price of HK\$0.546 per share.

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



## **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.

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 announcement, an aggregate consideration of RMB1,400,000,000 has been received by the Lessee, and the Lessee is in negotiation with the Lessor for the payment of the remaining balances of the consideration.

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

## **Material Acquisition and Disposal**

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

## **Pledge of Assets**

As at 30 June 2024, 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 RMB578,960,000 (31 December 2023: approximately RMB638,234,000), and trade and other receivables with a carrying value of approximately RMB256,253,000 (31 December 2023: approximately RMB222,797,000) as securities for the borrowings obtained by the Group. As at 30 June 2024, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

## **Contingent Liabilities**

As at 30 June 2024, the Group had no material contingent liabilities.

## **Employees and Remuneration Policies**

As at 30 June 2024, the Group had 140 full-time employees (31 December 2023: 136 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 RMB24,686,000 (for the six months ended 30 June 2023: approximately RMB22,875,000). 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.

## **Proposed Subscription of New Shares and Convertible Bonds of the Company under Specific Mandates and Possible Acquisition**

Reference is made to the announcement of the Company dated 21 June 2024 (the "**2024 June Announcement**") in relation to, among other things, Share Subscriptions (as defined in the 2024 June Announcement), CB Subscriptions (as defined in the 2024 June Announcement) and the Possible Acquisition (as defined below).

Pursuant to two agreements dated 26 January 2024, supplemented by a supplemental agreement dated 21 June 2024, entered into between the Company and Hebei Provincial Expressway Development Co., Ltd.\* (河北高速公路開發(集團)有限公司) ("**Subscriber A Holdco**"), Subscriber A Holdco has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue 590,615,905 new shares ("**Share Subscription A**") and the 2024 RMB Convertible Bonds (as defined in the 2024 June Announcement) in a principal amount of RMB933,689,137 ("**CB Subscription A**") for a consideration of RMB106,310,863 (equivalent to approximately HK\$115.8 million) and RMB933,689,137 (equivalent to approximately HK\$1,016.7 million), respectively, under Specific Mandate A (as defined in the 2024 June Announcement).

Pursuant to an agreement dated 21 June 2024 (“**Subscription Agreement B**”) entered into between the Company and Atlantis New Hong Kong Equity Fund Limited (“**Subscriber B**”), Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue 119,437,859 new shares and the 2024 HKD Convertible Bonds (as defined in the 2024 June Announcement) in a principal amount of HK\$161,701,291, for a consideration of HK\$23,409,820 and HK\$161,701,291, respectively, under Specific Mandate B (as defined in the 2024 June Announcement) (“**Subscription B**”).

Pursuant to an agreement dated 21 June 2024 (“**Subscription Agreement C**”) entered into between the Company and TradArt Flagship Investment SPC — Growth Engine Fund SP (“**Subscriber C**”), Subscriber C has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the 2024 HKD Convertible Bonds in a principal amount of HK\$98,000,000, for a consideration of HK\$98,000,000, under Specific Mandate C (as defined in the 2024 June Announcement) (“**CB Subscription C**”).

On 26 January 2024, the Company, as the intended purchaser, entered into a non-legally binding equity transfer framework agreement with Hebei Province Jijiao Energy Co., Ltd\* (河北省冀交能源有限公司) and Hebei Shengde Jichu Sheshi Jianshe Kaifa Co., Ltd\* (河北晟德基礎設施建設開發有限公司) (the “**Vendors**”), as the intended vendors, pursuant to which the Vendors intended to sell and the Company or its wholly-owned subsidiary (the “**Purchaser**”) intended to purchase, 50% equity interest in Hebei Jiaotou Deneng Energy Co. Ltd\* (河北交投德能能源有限公司), at a proposed consideration of not more than RMB7.5 million (equivalent to approximately HK\$8.2 million) to be payable in full in cash by the Purchaser (the “**Possible Acquisition**”).

The Board also believes that the Share Subscriptions and the CB Subscriptions will allow the Company to raise additional funds (i) to upgrade the Group’s generators and related equipment and invest in new equipment and potential business opportunities; (ii) to repay the Group’s borrowings and other payables; and (iii) to replenish the Group’s working capital.

Share Subscription A, CB Subscription A and the Possible Acquisition are inter-conditional to each other and are subject to a number of conditions, which may or may not be fulfilled. For the avoidance of doubt, Subscription B and CB Subscription C are not inter-conditional to each other and are not conditional upon the completion of Share Subscription A, CB Subscription A and the Possible Acquisition. As at the date of this announcement, the above proposed and possible transactions have not yet been completed. For details of the above proposed and possible transactions, please refer to the 2024 June Announcement and the announcement of the Company dated 13 August 2024.

## Event after the Reporting Period

On 15 July 2024, the Company, Jiujiia Renewable Energy Investment (Guangzhou) Company Limited\* (九嘉新能源投資(廣州)有限公司) (“**Jiujiia Renewable Energy**”) and its shareholders, namely Zhuhai Hengqin Jiujiia Project Management Enterprise (Limited Partnership)\* (珠海橫琴九嘉項目管理企業(有限合夥)) (“**Zhuhai Hengqin Jiujiia**”) and Guangzhou Ruibo Longxin Industrial Company Limited\* (廣州市瑞博龍新實業有限公司) (“**Guangzhou Ruibo Longxin**”) entered into a capital injection agreement (“**Capital Injection Agreement**”). Pursuant to the Capital Injection Agreement, i) the registered capital of Jiujiia Renewable Energy was RMB1,000,000 and owned as to 95% by Zhuhai Hengqin Jiujiia and 5% by Guangzhou Ruibo Longxin, respectively; ii) Guangzhou Ruibo Longxin will transfer its 5% equity interest to Zhuhai Hengqin Jiujiia at nil consideration; iii) the registered capital of Jiujiia Renewable Energy will be increased from RMB1,000,000 to RMB10,000,000 of which the Company owned as to 60% by capital injection of RMB6,000,000 and Zhuhai Hengqin Jiujiia owned as to 40% by capital injection of RMB4,000,000; and iv) the Company and Zhuhai Hengqin Jiujiia shall inject additional capital in the amount of RMB49,200,000 and RMB32,800,000 respectively, as capital reserve of Jiujiia Renewable Energy.

Jiujiia Renewable Energy owned 100% equity interest of Hebei Ruifeng Yunlian Digital Company Limited\* (河北瑞風雲聯數字新能源有限公司) (“**Hebei Ruifeng Yunlian Digital**”) with its registered capital of RMB50,000,000 and paid-up capital of RMB30,000,000. The registered capital of Hebei Ruifeng Yunlian Digital will be increased from RMB50,000,000 to RMB100,000,000 pursuant to the Capital Injection Agreement.

The additional capital injected by the Company and Zhuhai Hengqin Jiujiia shall be used solely for the purpose of developing Hebei Ruifeng Yunlian Digital’s grid-side independent energy storage project in Chabei Management District of Zhangjiakou City of Hebei Province in the PRC, with a capacity of 300 megawatt/1.2 gigawatt hours.

Subsequent to the completion of capital injection on 15 July 2024, the Group obtained control over Jiujiia Renewable Energy and Hebei Ruifeng Yunlian Digital. Therefore, they became indirect non-wholly owned subsidiaries of the Company and their financial results will be consolidated into the financial statements of the Company.

Further details of the capital injection are set out in the announcements of the Company dated 15 July 2024 and 22 July 2024.

Save as disclosed in this announcement, the Group did not have any significant events since the end of the Reporting Period and up to the date of this announcement.

## **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.

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.

## **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 C1 to the Listing Rules on the Stock Exchange throughout the Reporting Period.

## **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 C3 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.

## **INTERIM DIVIDEND**

The Directors do not recommend any distribution of an interim dividend for the six months ended 30 June 2024 (2023: 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.

## **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 announcement, 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.

## **Publication of Information on the Stock Exchange Website**

The 2024 interim report of the Company, containing all the information required by the Listing Rules, will be dispatched to the Shareholders and published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.c-ruifeng.com](http://www.c-ruifeng.com)), respectively, in September 2024.

\* *For identification purpose only*

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

Hong Kong, 30 August 2024

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