



# China Ruifeng Renewable Energy Holdings Limited

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



## INTERIM REPORT 2022

# Contents

- 2 Company information
- 5 Summary of financial results
- 6 Chief Executive Officer's statement
- 8 Management discussion and analysis
- 25 Disclosure of interests
- 28 Corporate governance
- 30 Other information
- 33 Condensed consolidated financial statements



# Company Information

## PLACE OF LISTING

The Stock Exchange of Hong Kong Limited  
Stock Code: 00527

## EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang (*Chief Executive Officer*)  
Mr. Ning Zhongzhi  
Mr. Li Tian Hai  
Mr. Peng Ziwei

## 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

6-8 Harbour Road, Wanchai

Hong Kong

## COMPANY WEBSITE

[www.c-ruifeng.com](http://www.c-ruifeng.com)



# Company Information

## AUDITORS

Linkfield 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



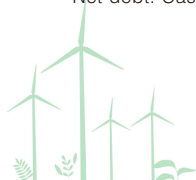
## Summary of Financial Results

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 2022 together with the comparative figures of the corresponding period in 2021:

	For the six months ended 30 June			Approximate change in percentage %
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	Change RMB'000	
Revenue	179,744	199,303	(19,599)	(10)
Gross profit	52,741	81,528	(28,787)	(35)
Profit from operations	48,839	72,449	(23,610)	(33)
Loss before taxation	(31,677)	(5,802)	(25,875)	446
Loss for the period	(39,453)	(18,762)	(20,691)	110
Attributable to:				
Equity shareholders of the Company	(38,065)	(30,862)	(7,203)	23
Non-controlling interests	(1,388)	12,100	(13,488)	(112)
Loss for the period	(39,453)	(18,762)	(20,691)	110
			<b>As at 30 June 2022 (unaudited)</b>	<b>As at 31 December 2021 (audited)</b>
Net debt (RMB'000) (note)			(1,531,972)	(1,460,422)
Net assets (RMB'000)			257,924	281,188
Liquidity ratio			193%	118%
Trade receivables turnover (number of days)			365	322
Trade payables turnover (number of days)			23	12
Net debt to equity ratio			594%	519%

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 2022 (the “**Reporting Period**”).

As a renewable energy enterprise specialised in wind power development and operation, during the first half of 2022, 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. The National Development and Reform Commission (the “**NDRC**”) and the National Energy Administration of China issued the “Energy Production and Consumption Revolution Strategy (2016–2030)” (《能源生產和消費革命戰略(2016–2030)》) in April 2017. The proportion of non-fossil fuel in the energy structure will reach 15% by 2020, 20% by 2030 and 50% by 2050, respectively, based on the proposed energy structure adjustment target. 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, 31 August 2022





# Management Discussion and Analysis

## BUSINESS OVERVIEW

### Wind farm operations

For the six months ended 30 June 2022, the revenue from the wind farm operations amounted to approximately RMB175,454,000 (six months ended 30 June 2021: approximately RMB199,303,000), representing a decrease of approximately 12% from that of six months ended 30 June 2021.

### 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 2022 which made primarily contribution to the Group's revenue for the six months ended 30 June 2022. The average utilisation hours of the Company's Hongsong wind farm in Hebei Province for the periods ended 30 June 2022 and 30 June 2021 were approximately 996 hours and 1,104 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, and incineration of medical wastage.

For the Reporting Period, the Group's revenue amounted to approximately RMB179,744,000 (for the six months ended 30 June 2021: approximately RMB199,303,000). Gross profit decreased by approximately 35% to approximately RMB52,741,000 for the Reporting Period (for the six months ended 30 June 2021: approximately RMB81,528,000). The loss for the Reporting Period was approximately RMB39,453,000 (for the six months ended 30 June 2021: loss of approximately RMB18,762,000). The loss position for the Reporting Period was primarily attributable to the combined effect of, among others, (i) the decrease in volume of electricity generated as well as the sales of electricity; and (ii) the increase in repair and maintenance costs for the wind turbine equipment included in the cost of sales.

### Revenue

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

Revenue from wind farms operation for the Reporting Period was approximately RMB175,454,000, representing a decrease of approximately 12% as compared with approximately RMB199,303,000 of the corresponding period of 2021. The decrease was mainly due to the decrease in volume of electricity generated as well as the sales of electricity.

Revenue from incineration of medical wastage for the Reporting Period was approximately RMB4,290,000 (for the six months ended 30 June 2021: Nil) due to the acquisition of a subsidiary in the second half of year 2021.



# 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 RMB127,003,000 (for the six months ended 30 June 2021: approximately RMB117,775,000), representing approximately 71% of the Group's revenue, as compared to approximately 59% for the corresponding period of 2021.

## Gross Profit

Gross profit for the Reporting Period decreased by approximately 35% to approximately RMB52,741,000 (for the six months ended 30 June 2021: gross profit of approximately RMB81,528,000), which was mainly due to the decrease in volume of electricity generated as well as the sales of electricity and the increase in repair and maintenance costs for the wind turbine equipment included in the cost of sales.

## Other Income and Other Gains/(Losses)

Other income and other gains for the Reporting Period mainly comprised (i) the government subsidy income related to value-added tax refund amounted to approximately RMB11,346,000 (for the six months ended 30 June 2021: approximately RMB11,862,000); and (ii) absence of rental income from operating lease of premises (for the six months ended 30 June 2021: approximately RMB2,301,000).

## 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 19% to approximately RMB21,420,000 for the Reporting Period when compared with approximately RMB26,438,000 for the corresponding period of 2021. The decrease was mainly due to the absence of recognition of share-based payment expenses (for the six months ended 30 June 2021: RMB10,300,000).



# 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 RMB80,227,000 for the Reporting Period (for the six months ended 30 June 2021: approximately RMB77,993,000). The increase was mainly due to the increase in interest expenses incurred for other loans obtained by Hongsong.

## Taxation

Taxation decreased from approximately RMB12,960,000 for the six months ended 30 June 2021 to approximately RMB7,776,000 for the Reporting Period, which is due to the decrease in taxable profits of Hongsong.

## Loss for the Reporting Period

The loss for the Reporting Period was approximately RMB39,453,000 (for the six months ended 30 June 2021: loss of approximately RMB18,762,000). The loss position for the Reporting Period was primarily attributable to the combined effect of, among others, (i) the decrease in volume of electricity generated as well as the sales of electricity; and (ii) the increase in repair and maintenance costs for the wind turbine equipment included in the cost of sales.

## Share Capital

As at 30 June 2022, the total number of issued share capital of the Company comprised 1,979,140,800 ordinary shares of HK\$0.01 each (as at 31 December 2021: 1,979,140,800 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 2,049,140,800 ordinary shares of HK\$0.01 each.



# Management Discussion and Analysis

## Liquidity and Financial Resources

The cash and bank balances as at 30 June 2022 and 31 December 2021 amounted to approximately RMB265,017,000 (mainly denominated in Renminbi (“**RMB**”) and Hong Kong dollar (“**HK\$**”) of approximately RMB257,156,000 and HK\$9,687,000), and approximately RMB243,295,000, respectively.

Total borrowings of the Group as at 30 June 2022 amounted to approximately RMB1,796,989,000, representing an increase of approximately RMB93,272,000 when compared with approximately RMB1,703,717,000 as at 31 December 2021. The increase was mainly due to the issuance of new convertible bonds by the Company and further 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 2022 was approximately 0.89 which was comparable to approximately 0.87 as at 31 December 2021. 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 RMB1,796,989,000 as at 30 June 2022 (31 December 2021: approximately RMB1,703,717,000). Among the interest bearing borrowings of the Group, approximately RMB569,955,000 were fixed rate loans and approximately RMB1,227,034,000 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 did not issue additional non-listing corporate bonds (the “**Corporate Bonds**”) to investors. Corporate Bonds with principal amount of HK\$16,717,000 were matured and redeemed during the Reporting Period (30 June 2021: no additional Corporate Bonds were issued, and Corporate Bonds with principal amount of HK\$100,000 were matured and redeemed).

As at 30 June 2022 and 31 December 2021, Corporate Bonds with principal amount of approximately HK\$159,419,000 and HK\$176,136,000 had been issued and had not been repaid respectively. For details, please refer to the announcement 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 Notes has been repaid (30 June 2021: Notes with principal amount of HK\$52,600,000 has been repaid). The Company is currently in negotiation with the holders of the Notes regarding possible extension of maturity date and amendment to the other terms and conditions of the remaining balance of the Notes.

As at 30 June 2022 and 31 December 2021, principal amount of approximately HK\$78,293,000 and HK\$78,293,000 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 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.

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





## Management Discussion and Analysis

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

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

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



## Management Discussion and Analysis

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

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

The Convertible Bonds in the principal amount of HK\$294,183,000 and outstanding interests payable to Filled Converge were fully settled through the issuance of new convertible bonds with the principal amount of HK\$356,375,000 to Filled Converge, which was completed on 28 April 2022. Further details are set out in the section headed "Issuance of New Convertible Bonds" in this report.

On 30 June 2022, the Company and Well Foundation entered into a deed of settlement, pursuant to which the Company has agreed to redeem the Convertible Bonds in the principal amount of HK\$19,612,000 and outstanding interests payable to Well Foundation in the sum of HK\$27,850,000 by cash in the sum of HK\$10,000,000 and by issue of 70,000,000 ordinary shares at the issue price of HK\$0.255 per ordinary share to Well Foundation. The allotment of ordinary shares was completed on 15 July 2022 and the Company fully settled all outstanding amounts payable to Well Foundation under the deed of settlement on 9 August 2022. The Convertible Bonds in the principal amount of HK\$19,612,000 payable to Well Foundation were fully redeemed. Further details are set out in the section headed "Capital Raising" in this report and also in the announcements of the Company dated 30 June 2022, 15 July 2022 and 9 August 2022.

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



# Management Discussion and Analysis

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

## Issuance of New Convertible Bonds

On 28 January 2022, the Company entered into a subscription agreement (the “**New Subscription Agreement**”) with one of the holders of the Convertible Bonds, Filled Converge, in respect of 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.



# Management Discussion and Analysis

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.

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.

## Capital Raising

On 30 June 2022, the Company entered into a deed of settlement with Well Foundation, one of the holders of the Convertible Bonds, pursuant to which the Company has agreed to redeem the Convertible Bonds in the principal amount of HK\$19,612,000 and outstanding interests payable to Well Foundation in the sum of HK\$27,850,000 by cash in the sum of HK\$10,000,000 and by issue of 70,000,000 settlement shares at the issue price of HK\$0.255 per settlement share to Well Foundation,

Assuming that there will be no change in the issued share capital of the Company between the date of the deed of settlement and the completion of the deed of settlement, a total of 70,000,000 settlement shares would be allotted and issued, representing (i) approximately 3.54% of the issued share capital of the Company as at the date of the deed of settlement; and (ii) approximately 3.42% of the issued share capital of the Company as at the date of deed of settlement as enlarged by the allotment and issue of the settlement shares.



# Management Discussion and Analysis

The 70,000,000 settlement shares were allotted and issued at the issue price of HK\$0.255 per settlement share on 15 July 2022. The aggregate issue price of HK\$17,850,000 was used to partially settle the outstanding amount payable to Well Foundation.

Further details of the deed of settlement and issuance of settlement shares are set out in the announcements of the Company dated 30 June 2022, 15 July 2022 and 9 August 2022.

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, partial consideration of RMB110,000,000 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

#### ***Disposal of 49% equity interests of Chengde Jiaheng Medical Waste Disposal Co., Ltd. \* (承德嘉恒醫療廢棄物處置有限公司) (“Chengde Jiaheng”)***

Chengde Jiaheng is principally engaged in incineration of medical wastage.

On 14 March 2022, Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd.\* (承德瑞風新能源風電設備有限公司), a wholly-owned subsidiary of the Company, as the vendor entered into a sale and purchase agreement with Chengde Chuyuyuan Husbandry Co., Ltd.\* (承德儲榆源畜牧有限公司) as the purchaser, pursuant to which the vendor conditionally agreed to sell, and the purchaser conditionally agreed to purchase, the sale shares representing 49% equity interests in Chengde Jiaheng, at a cash consideration of RMB7,252,000 upon the terms and conditions set out in the sale and purchase agreement. The disposal was completed on 17 March 2022 and Chengde Jiaheng became a non wholly-owned subsidiary of the Company.

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.



# Management Discussion and Analysis

## Pledge of Assets

As at 30 June 2022, 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 RMB833,748,000 (31 December 2021: approximately RMB904,371,000), and trade and other receivables with a carrying value of approximately RMB389,189,000 (31 December 2021: approximately RMB368,936,000) as securities for the borrowings obtained by the Group. As at 30 June 2022, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

## Contingent Liabilities

As at 30 June 2022, the Group had no material contingent liabilities.

## Employees and Remuneration Policies

As at 30 June 2022, the Group had 153 full-time employees (31 December 2021: 154 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 RMB20,970,000 (for the six months ended 30 June 2021: approximately RMB31,230,000). 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 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

The PRC government has unswervingly implemented the new concept of green development. By taking green development as a guide, China would actively build a modern economic system, accelerate the development of energy-saving and environmental protection industries, vigorously develop clean energy, improve the level of utilization of clean energy and promote comprehensive conservation and recycling of resources.

The PRC Government has provided support to the development of wind power industry in various aspects, and with initial success as exemplified in the increasing shares of wind power in total energy consumption in different regions. The development of wind power is of great significance in adjusting the country's energy structure. Given the serious problem of smog in the PRC, the development of clean energy has become an inevitable trend, in which wind power will serve as one of the most critical segments in the development of clean energy.

With the implementation of COVID-19 pandemic prevention and control measures, the overall momentum of economic development in the PRC remains stable and positive in the long run with power generation and consumption continue to maintain rapid growth.

Looking ahead, the Group will continue to strengthen its wind farms operation business. With the advantage of a secured development environment in general and the increased level of attention to wind power by the public, the Company is expected to have a bright development prospect.

In respect of the business growth of the Group in the coming year, the Group will continue to focus its resources on the development and operation of wind farms and is determined to become one of the pillars of the renewable energy industry in northern China. The Group will continue to seek opportunities to develop its renewable energy business in other new areas of clean energy apart from wind power by way of cooperative development and acquisitions. The Group will continue to identify and acquire mature power plants with promising development prospects, in order to strengthen the existing wind farms operation and maintenance business in northern China and gradually extend the business to the surrounding areas as well as enhance the interaction between other sectors of the industry. The Group will consider other possible opportunities of mergers and acquisitions.





## Management Discussion and Analysis

The National Energy Administration of China stated that China would accelerate the development of renewable energy during the 14th Five-Year Plan period for 2021 to 2025, with renewable power accounting for over half of total installed capacity by 2025. The central government of the PRC proposed to achieve peak carbon emissions by 2030 and carbon neutrality by 2060.

In the long run, the Group will focus on the development and optimisation of the existing renewable energy resources. Paralleled 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 its own in order to explore more development opportunities in other new areas of clean energy and further consolidate the Group's position in the industry of renewable energy. During the course of business integration and resources integration, possible synergistic opportunities among different business segments will be explored for their expansions and growth in revenues and profits. The Group is committed to becoming a renewable energy supplier and integrated service provider with relatively strong competitiveness, establishing a stable and comprehensive foundation for the long term growth of the Group, creating more value for the society, and seeking higher returns for the Company's Shareholders and investors.



## Disclosure of Interests

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

As at 30 June 2022, 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 4)
		Corporate interests (Note 2)	Convertible Bonds (Note 3)	Share options (Note 1)		
Zhang Zhixiang ("Mr. Zhang")	Beneficial owner/ Interest of controlled corporation	421,618,325 (Note 2)	1,979,861,111 (Note 3)	19,700,000	2,421,179,436	122.33%
Mr. Ning Zhongzhi	Beneficial owner	—	—	19,700,000	19,700,000	1.00%
Mr. Li Tian Hai	Beneficial owner	—	—	8,000,000	8,000,000	0.40%
Mr. Peng Ziwei	Beneficial owner	—	—	8,000,000	8,000,000	0.40%
Mr. Qu Weidong	Beneficial owner	—	—	5,200,000	5,200,000	0.26%
Ms. Hu Xiaolin	Beneficial owner	—	—	5,200,000	5,200,000	0.26%
Mr. Jiang Senlin	Beneficial owner	—	—	5,200,000	5,200,000	0.26%



## 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 2022, Diamond Era was interested in 421,618,325 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 100.04% of total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 30 June 2022.
4. Based on the total number of issued shares (i.e. 1,979,140,800) of the Company as at 30 June 2022.



## Disclosure of Interests

### (B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2022, 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 <i>(Note 3)</i>
Diamond Era <i>(Note 1)</i>	421,618,325	Beneficial owner	Long	21.30%
Filled Converge <i>(Note 2)</i>	1,979,861,111	Beneficial owner	Long	100.04%

*Notes:*

1. As at 30 June 2022, Diamond Era was interested in 421,618,325 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 100.04% of total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 30 June 2022.
3. Based on the total number of issued shares (i.e. 1,979,140,800) of the Company as at 30 June 2022.



# 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. During the Reporting Period, there has been no chairman of the Board (the “**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. The Board does not have the intention to fill the position of the Chairman at present and believes that the absence of the Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of the Chairman. Appointment will be made to fill the post to comply with code provision C.2.1 of the CG Code if necessary.

## **Internal control review**

On 8 December 2021, the Company engaged an internal Control advisor (the “**Internal Control Advisor**”) to review and make recommendations to improve the Company’s internal controls and to ensure compliance with the Listing Rules. The Internal Control Advisor has completed its review of the Company’s internal control and risk management system and made recommendations on the internal control deficiencies identified in the review. All the recommendations of the Internal Control Advisor have been implemented, and that the Company has complied with all the directions of the Listing Committee set out in the Statement of Disciplinary Action published by the Stock Exchange on 15 November 2021. Please refer to the Company’s announcement dated 29 March 2022 for details.



# Corporate Governance

## 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.



## 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 2021: 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 2022:



## Other Information

Name and category of participant	Number of share options				As at 30 June 2022	Grant date	Exercise period (Note)	Exercise price per share
	As at 1 January 2022	Granted during the period	Cancelled/lapsed during the period	Exercised during the period				
<b>Directors</b>								
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	8,000,000	—	—	—	8,000,000	29 January 2021	4 years commencing from 29 January 2021	HK\$0.18
Mr. Peng Ziwei	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
<b>Employees</b>								
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 2021 and 2022.

As at 30 June 2022, the total number of outstanding share options available for grant under the Scheme was 197,914,080, which represented 10.00% of the issued share capital of the Company (30 June 2021: 14,080).





## Other Information

Save as disclosed in this report, at no time during the six months ended 30 June 2022 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 2022

	Notes	For the six months ended 30 June 2022 RMB'000 (unaudited)	For the six months ended 30 June 2021 RMB'000 (unaudited)
<b>Revenue</b>	6	179,744	199,303
Cost of sales	7	(127,003)	(117,775)
<b>Gross profit</b>		52,741	81,528
Interest income		4,771	3,087
Other income		12,347	14,164
Other gains, net		400	108
Administrative expenses	7	(21,420)	(26,438)
<b>Operating profit</b>		48,839	72,449
Finance costs	9	(80,227)	(77,993)
Share of losses of associates	15	(289)	—
Share of loss of a joint venture		—	(258)
<b>Loss before income tax</b>		(31,677)	(5,802)
Income tax expense	10	(7,776)	(12,960)
<b>Loss for the period</b>		(39,453)	(18,762)
<b>Loss for the period attributable to:</b>			
— the owners of the Company		(38,065)	(30,862)
— non-controlling interests		(1,388)	12,100
		(39,453)	(18,762)
<b>Loss per share attributable to the owners of the Company (in RMB)</b>			
Basic and diluted	11	(0.019)	(0.016)

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 2022

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
<b>Loss for the period</b>	(39,453)	(18,762)
<b>Other comprehensive income/(loss)</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")	(29,164)	9,874
<i>Item that may not be reclassified to profit or loss:</i>		
Exchange difference arising on translation of financial statements of the Company	8,446	(2,878)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(20,718)	6,996
<b>Total comprehensive loss for the period</b>	(60,171)	(11,766)
<b>Total comprehensive loss for the period attributable to:</b>		
— the owners of the Company	(58,783)	(23,866)
— non-controlling interests	(1,388)	12,100
	(60,171)	(11,766)

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 2022

		As at 30 June 2022	As at 31 December 2021
	Notes	RMB'000 (unaudited)	RMB'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	986,957	1,063,660
Right-of-use assets	14	24,578	25,382
Interests in associates	15	2,325	2,614
Financial assets at fair value through other comprehensive income		6,489	6,489
Financial assets at fair value through profit or loss		5,225	5,225
Prepayments and other receivables	16	183,385	168,499
		<b>1,208,959</b>	<b>1,271,869</b>
<b>Current assets</b>			
Inventories		690	680
Trade and other receivables	16	782,723	719,475
Financial assets at fair value through profit or loss		2,171	1,688
Cash and cash equivalents		265,017	243,295
		<b>1,050,601</b>	<b>965,138</b>
<b>Total assets</b>		<b>2,259,560</b>	<b>2,237,007</b>



## Condensed Consolidated Financial Statements

		<b>As at 30 June 2022</b>	As at 31 December 2021
	<i>Notes</i>	<b>RMB'000 (unaudited)</b>	<i>RMB'000 (audited)</i>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	17	17,286	17,286
Reserves		26,191	55,236
		43,477	72,522
Non-controlling interests		214,447	208,666
<b>Total equity</b>		<b>257,924</b>	<b>281,188</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	14	272	894
Borrowings	19	1,444,317	1,120,916
Deferred income tax liabilities		12,472	14,090
Deferred income		649	607
		1,457,710	1,136,507
<b>Current liabilities</b>			
Trade and other payables	18	186,559	230,270
Borrowings	19	352,672	582,801
Lease liabilities	14	1,260	1,199
Current income tax liabilities		3,289	4,962
Deferred income		146	80
		543,926	819,312
<b>Total liabilities</b>		<b>2,001,636</b>	<b>1,955,819</b>
<b>Total equity and liabilities</b>		<b>2,259,560</b>	<b>2,237,007</b>

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 2022

	(unaudited)										
	Attributable to equity shareholders of the Company										
	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-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	17,286	1,492,149	85,486	19,925	17,047	1,373	—	(1,231,260)	402,006	231,217	633,223
<b>Comprehensive (loss)/income</b>											
(Loss)/income for the period	—	—	—	—	—	—	—	(30,862)	(30,862)	12,100	(18,762)
<b>Other comprehensive income</b>											
Exchange difference arising on translation of foreign operations	—	—	—	6,996	—	—	—	—	6,996	—	6,996
Total comprehensive (loss)/income for the period	—	—	—	6,996	—	—	—	(30,862)	(23,866)	12,100	(11,766)
<b>Transactions with owners</b>											
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	(7,196)	(7,196)
Transfer to statutory reserves	—	—	4,985	—	—	—	—	(4,985)	—	—	—
Issuance of share options	—	—	—	—	—	—	10,300	—	10,300	—	10,300
At 30 June 2021	17,286	1,492,149	90,471	26,921	17,047	1,373	10,300	(1,267,107)	388,440	236,121	624,561



# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

— Continued

For the six months ended 30 June 2022

	(unaudited)										
	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Statutory reserves	Translation reserve	Convertible bonds reserve	Fair value reserve	Share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	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 2022	17,286	1,492,149	91,561	36,521	17,047	184	23,666	(1,605,892)	72,522	208,666	281,188
<b>Comprehensive loss</b>											
Loss for the period	—	—	—	—	—	—	—	(38,065)	(38,065)	(1,388)	(39,453)
<b>Other comprehensive loss</b>											
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)
<b>Transactions with owners</b>											
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	23,666	(1,629,687)	43,477	214,447	257,924

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 2022

		For the six months ended 30 June 2022	For the six months ended 30 June 2021
	Note	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations	20(a)	44,476	89,615
The PRC corporate income tax paid		(11,148)	(30,984)
Net cash generated from operating activities		33,328	58,631
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(896)	—
Proceeds from disposal of items of property, plant and equipment		74	—
Prepayments for property, plant and equipment		58	—
Increase in loan receivables		(5,699)	(23,827)
Interest received		1,390	—
Partial disposal of a subsidiary		7,252	—
Net cash generated from/(used in) investing activities		2,179	(23,827)





## Condensed Consolidated Financial Statements

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
	<i>RMB'000</i> <b>(unaudited)</b>	<i>RMB'000</i> <b>(unaudited)</b>
<b>Cash flows from financing activities</b>		
Contribution from non-controlling interest upon additional capital injection in a subsidiary	1	—
Proceeds from other loans	110,000	—
Proceeds from issue of convertible bonds	288,522	—
Repayment of notes payables	—	(41,801)
Repayment of bank loans and other loans	(63,985)	(263,980)
Repayment of bonds	(13,716)	(83)
Repayment of convertible bonds	(238,170)	—
Principal elements of lease payments	(594)	(635)
Interest elements of lease payments	(51)	(10)
Other borrowing costs paid	(98,211)	(97,090)
Dividend paid to non-controlling interests	(19)	(43,260)
<b>Net cash used in financing activities</b>	<b>(16,223)</b>	<b>(446,859)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>19,284</b>	<b>(412,055)</b>
Cash and cash equivalents at the beginning of the period	243,295	858,837
Effect of foreign exchange rate changes	2,438	(3,683)
<b>Cash and cash equivalents at the end of the period</b>	<b>265,017</b>	<b>443,099</b>

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, Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

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

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

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 2022 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 31 August 2022.

## 2 Basis of preparation and accounting policies

This condensed consolidated financial statements for the six months ended 30 June 2022 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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). The principal accounting policies adopted to prepare this condensed consolidated financial statements are consistent with those adopted to prepare the Company's annual consolidated financial statements for the year ended 31 December 2021.

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 2022. 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 2021. There have been no changes in the risk management policies since 31 December 2021.



# 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 2022 and 31 December 2021.

#### As at 30 June 2022 (unaudited)

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income:				
— unlisted investment	—	—	6,489	6,489
Financial assets at fair value through profit or loss:				
— listed investment	2,171	—	—	2,171
— unlisted investment	—	—	5,225	5,225
	2,171	—	11,714	13,885



# Notes to the Condensed Consolidated Financial Statement

## 3 Financial risk management — Continued

### 3.2 Fair value estimation — Continued

#### As at 31 December 2021 (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	—	—	6,489	6,489
Financial assets at fair value through profit or loss:				
— listed investment	1,688	—	—	1,688
— unlisted investment	—	—	5,225	5,225
	1,688	—	11,714	13,402

There was no transfer of financial assets and liabilities between the fair value hierarchy classifications during the six months ended 30 June 2022 (year ended 31 December 2021: 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 2022	For the year ended 31 December 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Opening balance	6,489	8,165
Fair value changes recognised in other comprehensive income	—	(1,676)
Closing balance	6,489	6,489
Unrealised loss recognised in the condensed consolidated statement of other comprehensive income attributable to balance at the end of the reporting period	—	(1,676)

#### Financial assets at fair value through profit or loss

	For the six months ended 30 June 2022	For the year ended 31 December 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Opening balance	5,225	5,225
Fair value changes recognised in profit or loss	—	—
Closing balance	5,225	5,225
Unrealised gain recognised in the condensed consolidated statement of profit or loss attributable to balance at the end of the reporting period	—	—



# 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 2022

	Exposure	Valuation techniques	Significant unobservable input	Sensitivity on estimate	
				Estimate	Impact
	RMB'000 (unaudited)				RMB'000 (unaudited)
Unlisted equity investment at fair value through other comprehensive income	6,489	Market approach	Earnings before interest, taxes, depreciation, and amortisation ("EBITDA")	+5%/- 5%	877/(877)
Unlisted equity investment at fair value through profit or loss	5,225	Market approach	Lack of marketability discount of 35%	+5%/- 5%	(631)/631



# Notes to the Condensed Consolidated Financial Statement

## 3 Financial risk management — Continued

### 3.2 Fair value estimation — Continued

As at 31 December 2021

	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	6,489	Market approach	EBITDA	+5%/- 5%	877/(877)
Unlisted equity investment at fair value through profit or loss	5,225	Market approach	Lack of marketability discount of 35%	+5%/- 5%	(631)/631

## 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 2021.





# 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 2022, the Group had one (2021: 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 are all generated from the PRC.

#### (b) Non-current assets

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

	As at 30 June 2022	As at 31 December 2021
	RMB'000 (unaudited)	RMB'000 (audited)
Hong Kong	2,996	3,551
The PRC	1,010,864	1,088,105
	1,013,860	1,091,656



## Notes to the Condensed Consolidated Financial Statement

### 5 Segment information — Continued

#### Key Customers

For the six months ended 30 June 2022, there was one customer (2021: 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 2022	For the six months ended 30 June 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Customer A	175,454	199,303

### 6 Revenue

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

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Recognised at a point in time:		
— Sales of electricity	129,292	146,468
— Tariff adjustment	48,429	55,615
— Business tax and surcharges	(2,267)	(2,780)
	175,454	199,303
Recognised over time:		
— Incineration of medical wastage	4,319	—
— Business tax and surcharges	(29)	—
	4,290	—
	179,744	199,303



# 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 2022 and 2021.

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 respective state-owned grid companies for settlement to the wind power companies.

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



# Notes to the Condensed Consolidated Financial Statement

## 7 Expenses by nature

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Auditor's remuneration		
— Audit services	—	—
— Non-audit services	189	164
Depreciation of property, plant and equipment	77,691	77,492
Depreciation of right-of-use assets	837	835
Expenses relating to short-term leases	—	96
Employee benefit costs, including Directors' emoluments ( <i>Note 8</i> )	20,970	31,230
Legal and professional fees	8,982	2,979
Repair and maintenance expenses	22,279	15,455
Others	17,475	15,962
<b>Total cost of sales and administrative expenses</b>	<b>148,423</b>	<b>144,213</b>



## Notes to the Condensed Consolidated Financial Statement

### 8 Employee benefit costs, including Directors' emoluments

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
	<i>RMB'000</i> <b>(unaudited)</b>	<i>RMB'000</i> (unaudited)
Directors' remuneration:		
— Salaries, wages and other benefits	2,386	3,068
— Contribution to defined contribution plans	22	24
— Share-based payments expenses	—	4,065
	<b>2,408</b>	7,157
Other staff excluding Directors:		
— Salaries, wages and other benefits	18,497	17,776
— Contribution to defined contribution plans	65	62
— Share-based payments expenses	—	6,235
	<b>18,562</b>	24,073
	<b>20,970</b>	31,230



# Notes to the Condensed Consolidated Financial Statement

## 9 Finance costs

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest expense on bank loans and other loans	53,442	40,816
Interest expense on bonds	5,747	7,634
Interest expense on convertible bonds (Note 19)	8,458	9,578
Default interest expense on convertible bonds	8,076	11,669
Interest expense on notes payables	4,453	8,286
Interest expense on lease liabilities	51	10
	<b>80,227</b>	<b>77,993</b>

## 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 2022 (2021: 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 (2021: Nil).

Pursuant to Caishui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, Hebei Hongsong Wind Power Co., Ltd ("**Hongsong**"), is engaged in public infrastructure projects which are set up after 1 January 2008, is entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from its respective year with first operating income ("**3+3 tax holiday**"). Accordingly, Hongsong's certain profit, derived from public infrastructure projects which are set up after 1 January 2008, was exempted from the PRC Enterprise Income Tax ("**EIT**").

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries is 25% during the six months ended 30 June 2022 and 2021.

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:

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
PRC Corporate income tax Current period	9,475	16,267
	9,475	16,267
Deferred income tax	(1,699)	(3,307)
	7,776	12,960

### 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.

	<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
	(unaudited)	(unaudited)
Loss attributable to the owners of the Company ( <i>RMB'000</i> )	(38,065)	(30,862)
Weighted average number of ordinary shares in issue ( <i>in thousands</i> )	1,979,141	1,979,141
Basic loss per share ( <i>RMB</i> )	(0.019)	(0.016)



# 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 2022, the Group has three (2021: two) categories of potential ordinary shares: convertible bonds, share options and warrants (2021: convertible bonds and share options).

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 (2021: convertible bonds and share options) 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 2022 and 2021. Accordingly, diluted loss per share for the six months ended 30 June 2022 and 2021 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 2022 (for the six months ended 30 June 2021: Nil).

## 13 Property, plant and equipment

For the six months ended 30 June 2022, the Group acquired and disposed of property, plant and equipment (including construction in progress) amounting to approximately RMB1,094,000 and RMB106,000 (for the six months ended 30 June 2021: Nil and Nil).

## 14 Right-of-use assets and lease liabilities

Additions to the right-of-use assets during the six months ended 30 June 2022 were Nil (for the six months ended 30 June 2021: RMB634,000).





## Notes to the Condensed Consolidated Financial Statement

### 15 Interests in associates

	As at 30 June 2022	As at 31 December 2021
	RMB'000 (unaudited)	RMB'000 (audited)
At the beginning of the period/year	2,614	—
Transfer from interest in a joint venture	—	2,762
Share of losses for the period/year	(289)	(148)
At the end of the period/year	2,325	2,614

### 16 Trade and other receivables

	As at 30 June 2022	As at 31 December 2021
	RMB'000 (unaudited)	RMB'000 (audited)
Trade receivables ( <i>Note a</i> )	364,577	347,159
Less: provision for loss allowance	(2,030)	(2,030)
	362,547	345,129
Prepayments, deposits, and other receivables ( <i>Note b</i> )	603,561	542,845
	966,108	887,974
Less: Non-current proportion		
— Prepayments for acquisition of property, plant and equipment and investments	(155,385)	(142,699)
— Deposit for non-current other loans	(28,000)	(25,800)
	(183,385)	(168,499)
	782,723	719,475

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

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 2022</b>	As at 31 December 2021
	<i>RMB'000</i> <b>(unaudited)</b>	<i>RMB'000</i> <b>(audited)</b>
Within three months	34,649	84,648
More than three months but within one year	78,000	73,431
More than one year	249,898	187,050
	<b>362,547</b>	345,129

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 2022, trade receivables of the Group amounting to approximately RMB2,030,000 (31 December 2021: 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 2022 and 31 December 2021 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 2022	As at 31 December 2021
	RMB'000 (unaudited)	RMB'000 (audited)
Other receivables	401,596	362,268
Less: provision for loss allowance	(188,095)	(187,438)
	213,501	174,830
Loan receivables	255,728	249,630
Less: provision for loss allowance	(77,830)	(77,431)
	177,898	172,199
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	7,800	4,800
Less: provision for loss allowance	—	—
	7,800	4,800
Deposit for other loans	28,000	25,800
Prepayments	176,362	165,216
Total	603,561	542,845
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	(155,385)	(142,699)
— Deposit for non-current other loans	(28,000)	(25,800)
	(183,385)	(168,499)
	420,176	374,346



## Notes to the Condensed Consolidated Financial Statement

### 17 Share capital

	As at 30 June 2022	As at 31 December 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Authorised 10,000,000,000 shares at HK\$0.01 each	87,912	87,912
Issued and fully paid 1,979,141,000 shares at HK\$0.01 each	17,286	17,286

### 18 Trade and other payables

	As at 30 June 2022	As at 31 December 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Trade payables	19,254	13,202
Interest payables	47,940	83,124
Other tax payables	—	8,025
Payables on acquisition of property, plant, and equipment	11,977	11,919
Payables on acquisition of a subsidiary	16,894	16,894
Amounts due to directors	9,922	6,271
Amounts due to non-controlling interests	12,494	12,513
Other payables and accruals	68,078	78,322
	<b>186,559</b>	<b>230,270</b>



## Notes to the Condensed Consolidated Financial Statement

### 18 Trade and other payables — Continued

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

	As at 30 June 2022	As at 31 December 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Within three months	11,119	6,502
More than three months but within one year	4,904	4,093
More than one year	3,231	2,607
	<b>19,254</b>	<b>13,202</b>

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

### 19 Borrowings

	As at 30 June 2022	As at 31 December 2021
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Bank loans, secured	20,000	20,000
Bonds	139,699	144,075
Notes payables ( <i>Note a</i> )	66,839	63,809
Convertible bonds ( <i>Note b</i> )	298,203	255,743
Other loans	1,272,248	1,220,090
Total	<b>1,796,989</b>	<b>1,703,717</b>
Less: Non-current portion		
— Bonds	(69,657)	(69,976)
— Convertible bonds ( <i>Note b</i> )	(281,461)	—
— Other loans	(1,093,199)	(1,050,940)
	<b>(1,444,317)</b>	<b>(1,120,916)</b>
	<b>352,672</b>	<b>582,801</b>



# Notes to the Condensed Consolidated Financial Statement

## 19 Borrowings — Continued

### (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 2022, the notes payables with principal amount of Nil (2021: HK\$52,600,000) has been repaid. The Company is currently in negotiation with all the noteholders regarding possible extension of maturity date and amendments to the other terms and conditions of the remaining balance of the notes payables.

### (b) Convertible bonds

#### (i) 2019 Convertible Bonds

On 31 December 2018, the Company, Filled Converge Limited ("**Filled Converge**") (a company wholly-owned by Mr. Zhang, an executive director of the Company) and Well Foundation Company Limited ("**Well Foundation**") entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and (i) Filled Converge conditionally agreed to subscribe for 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 "**2019 Convertible Bonds**"). The 2019 Convertible Bonds are in aggregation in the amount of HK\$313,795,000 due in 2021 and extendable to 2022 at an interest rate of 8% per annum, with the conversion rights to convert the outstanding principal amount of the 2019 Convertible Bonds into the shares at an initial conversion price of HK\$0.485 per conversion share.

The Company may demand early redemption of any amount of the outstanding principal amounts of the 2019 Convertible Bonds at any time after nine months from issue by giving a notice to the bondholder of not less than ten business days. Early redemption of the 2019 Convertible Bonds will be made at par value of the 2019 Convertible Bonds plus accrued interest up to the date of redemption.

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 2019 Convertible Bonds in whole or in integral multiples of HK\$1,000 into conversion shares at an initial conversion price of HK\$0.485 per conversion share (subject to adjustments).

On initial recognition on 25 March 2019, the fair value of the equity component and liability component (determined using the prevailing market interest rate of similar non-convertible debts) of 2019 Convertible Bonds as a whole has been ascertained by an independent valuer Chung Hin Appraisal Limited.



# Notes to the Condensed Consolidated Financial Statement

## 19 Borrowings — Continued

### (b) Convertible bonds — Continued

#### (i) 2019 Convertible Bonds — Continued

Interest expenses on the 2019 Convertible Bonds were calculated using the effective interest method by applying the effective interest rate of approximately 14.0% per annum to the respective liability component.

The 2019 Convertible Bonds were due in March 2021 and were not be extended to 2022. The Company has been under the negotiation and discussion with Filled Converge and Well Foundation since January 2021 for settlement of the 2019 Convertible Bonds. On 28 January 2022, the Company and Filled Converge entered into the subscription agreement of new convertible bonds to settle the outstanding 2019 Convertible Bonds payable to Filled Converge. The issuance of such new convertible bonds have been completed on 28 April 2022 and the balances of the outstanding principal of HK\$294,183,000, accrued and unpaid interest and default interest of the 2019 Convertible Bonds payable to Filled Converge have been settled on 28 April 2022. Details please refer to “(ii) 2022 Convertible Bonds” as below under this note. On 30 June 2022, the Company entered into the deed of settlement with Well Foundation, pursuant to which the Company has agreed to redeem the entire settlement sum comprising the outstanding principal amount, accrued and unpaid interest and default interest of the 2019 Convertible Bonds payable to Well Foundation in the amount of HK\$27,850,000 by cash in the sum of HK\$10,000,000 and by the issue of 70,000,000 settlement shares at the issue price of HK\$0.255 per settlement shares. The issuance of the settlement shares was completed on 15 July 2022. The 2019 Convertible Bonds payable to Well Foundation was fully redeemed on 9 August 2022.



# Notes to the Condensed Consolidated Financial Statement

## 19 Borrowings — Continued

### (b) Convertible bonds — Continued

#### (i) 2019 Convertible Bonds — Continued

Pursuant to the 2019 Convertible Bonds subscription agreement, the Company is required to pay the Filled Converge and Well Foundation a default interest on default repayment of 2019 Convertible Bonds. As at 30 June 2022 and 31 December 2021, the balances of HK\$19,612,000 and HK\$19,612,000 payable to Well Foundation are interest-bearing at 20% per annum. As at 30 June 2022 and 31 December 2021, the balances of nil and HK\$294,183,000 payable to Filled Converge are interest-bearing at 15% per annum, which have been mutually agreed with Filled Converge by referencing with the gross yield to maturity of 15% per annum pursuant to the 2019 Convertible Bonds subscription agreement.

Pursuant to the 2019 Convertible Bonds subscription agreement, if the 2019 Convertible Bonds are not redeemed on the maturity date, the conversion rights attached to the 2019 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 2019 Convertible Bonds have been duly and irrevocably received by the bondholders and, notwithstanding that the full amount of moneys payable in respect of such 2019 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. Accordingly, the 2019 Convertible Bonds are not derecognised as at 30 June 2022 and 31 December 2021 even they were matured in March 2021 until they are redeemed or converted.





# Notes to the Condensed Consolidated Financial Statement

## 19 Borrowings — Continued

### (b) Convertible bonds — Continued

#### (ii) 2022 Convertible Bonds

On 28 January 2022, the Company and Filled Converge 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 by the Company to Filled Converge under the 2019 Convertible Bonds. 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

##### (ii) 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.

The movement of liability and equity component of the 2019 Convertible Bonds and 2022 Convertible Bonds for the period is set out as below:

	Liability component	Equity component	Total
	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	255,743	17,047	272,790
Issued during the period	258,868	29,654	288,522
Interest expenses ( <i>Note 9</i> )	8,458	—	8,458
Settlement of interest	—	—	—
Redemption	(238,170)	(15,982)	(254,152)
Exchange realignment	13,304	—	13,304
<b>As at 30 June 2022</b>	298,203	30,719	328,922



## Notes to the Condensed Consolidated Financial Statement

### 20 Notes to the condensed consolidated statement of cash flows

#### (a) Cash generated from operations

		<b>For the six months ended 30 June 2022</b>	For the six months ended 30 June 2021
	<i>Notes</i>	<b>RMB'000 (unaudited)</b>	RMB'000 (unaudited)
Loss before income tax		(31,677)	(5,802)
Adjustments for:			
Depreciation of property, plant and equipment	7	77,691	77,492
Depreciation of right-of-use assets	7	837	835
Interest income		(1,390)	—
Finance costs	9	80,227	77,993
Loss on disposal of property, plant and equipment		32	—
Expected credit losses on trade and other receivables		—	(75)
Share of losses of associates		289	—
Share of loss of a joint venture		—	258
Deferred income		(90)	—
Share-based payment from issue of share options	8	—	10,300
Fair value (gains)/losses on financial assets at fair value through profit or loss		(432)	26
Operating profit before working capital changes		125,487	161,027
Changes in working capital:			
Inventories		(10)	—
Trade and other receivables		(69,435)	(82,902)
Amount due from a non-controlling interest		(3,000)	7,498
Trade and other payables		(12,217)	3,688
Amounts due to directors		3,651	304
Cash generated from operations		44,476	89,615



# 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:

	<i>RMB'000</i>
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 2022, capital commitments outstanding not provided for in the condensed consolidated financial statements were as follows:

	<b>As at 30 June 2022</b>	As at 31 December 2021
	<b>RMB'000 (unaudited)</b>	RMB'000 (audited)
Capital injection in an associate — Contracted for	40,140	38,076
Acquisition of property, plant and equipment — Contracted for	52,682	53,901
	<b>92,822</b>	91,977

## 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

