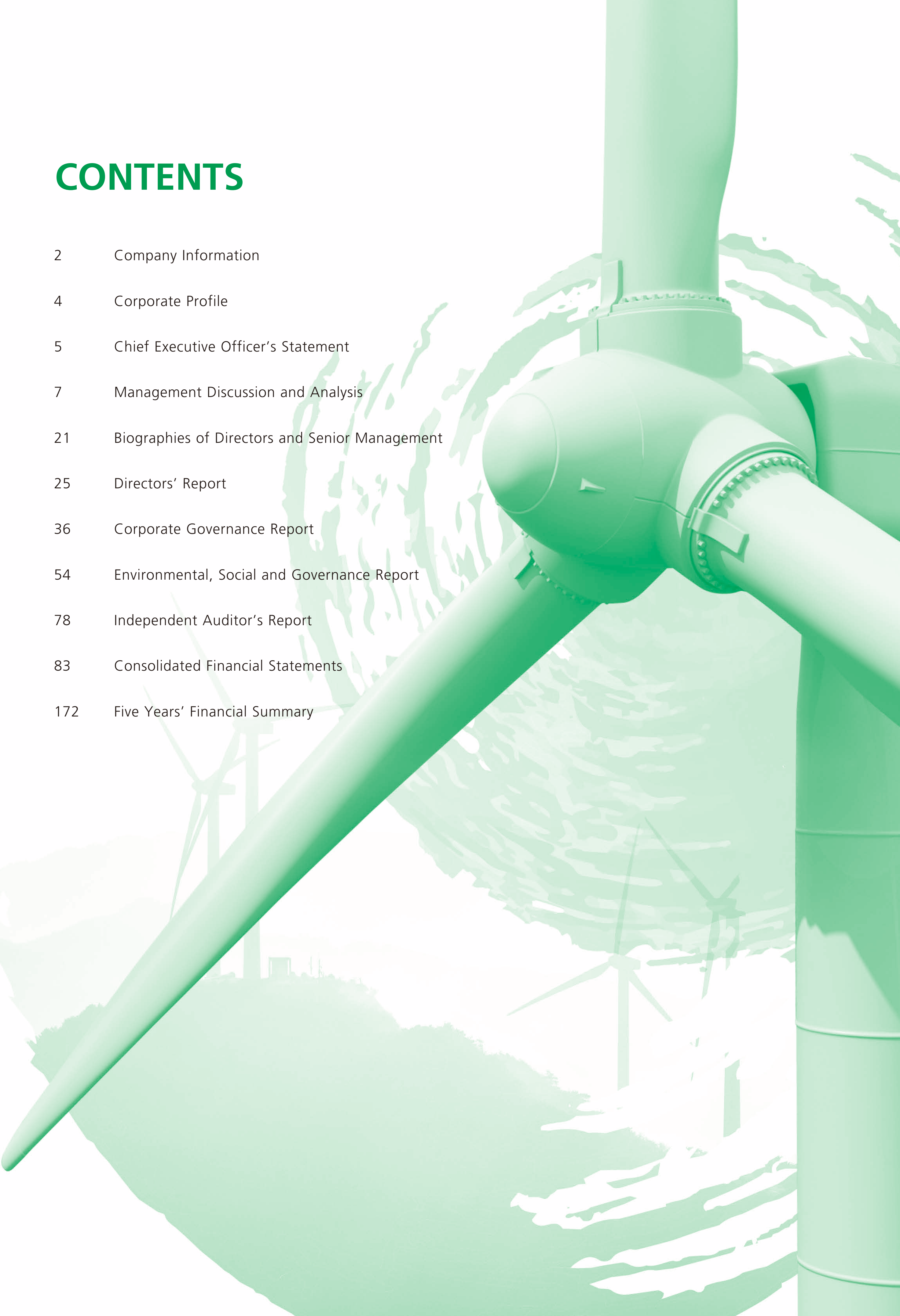
China Ruifeng Renewable Energy Holdings Limited

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

Annual Report 2020

CONTENTS



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

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

COMPANY INFORMATION

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 1801, 18/F
Great Eagle Centre
No. 23 Harbour Road, Wanchai
Hong Kong

COMPANY WEBSITE

www.c-ruifeng.com

AUDITORS

ZHONGHUI ANDA CPA Limited
Unit 701, 7/F., Citicorp Centre
18 Whitfield Road
Causeway Bay
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 & TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE PROFILE

As a renewable energy enterprise specialised in wind power operation, China Ruifeng Renewable Energy Holdings Limited ("**Ruifeng Renew**" or the "**Company**") together with its subsidiaries (collectively, the "**Group**") is principally engaged in the businesses of wind power generation and is continuing to search for investment opportunities in the energy sectors. In addition, in order to diversify the business risk and to expand various income streams, the company has also been seeking development opportunities in the financial sectors, with the aim to facilitate the development of, and complement with each other, the continuous enhancement of the Company's industrial structure and the establishment of a solid foundation, in order to reinforce the comprehensive development of its wind power operation.

Since 2013, through steady acquisition of additional ownership interest in Hebei Hongsong Renewable Energy Investment Co., Ltd. ("**Hongsong Renewable Energy**") (the second largest shareholder of Hebei Hongsong Wind Power Co., Ltd. ("**Hongsong**")), the Group's current indirect control in Hongsong is 86.55%.

Hongsong has an installed capacity of 398.4 megawatt ("**MW**"), and its maximum installable capacity is 596.4 MW.

Apart from Hongsong's wind farm, Baotou City Yinfeng Huili New Energy Investment Limited ("**Baotou Yinfeng**"), a subsidiary of the Group is principally engaged in the development of a wind farm that generates renewable energy in the Inner Mongolia Autonomous Region. The wind farms of Baotou Yinfeng have been developing since mid 2016 and the expected installable capacity of phase 1 of the wind farms (the "**Phase 1 Project**") operation is 49.8 MW. Phase 1 Project is still under construction which is expected to be completed in the coming years and would contribute to the Group's revenue from the operation of wind farms in the future.

The Company is also in touch with prospective partners in the financial sectors and is keeping its eyes open for investment opportunities in other renewable energy businesses.

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 ("**Ruifeng Renew**" or 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 year ended 31 December 2020 (the "**Reporting Period**").

As a renewable energy enterprise specialised in wind power development and operation, during the year of 2020, the Group is principally engaged in the business of wind farms operation and is continuing to search for investment opportunities in the energy sectors. In addition, in order to diversify the business risk and to expand various income stream, the Company has also been seeking development opportunities in the financial sectors, with the aim to facilitate the development of, and complement with each other, the continuous enhancement of the Company's operational structure, which will solidify the foundation to reinforce the comprehensive development of its wind power operation.

2020 is the closing year for building a moderately prosperous society in all respects and the 13th Five-year Plan. In the first half of 2020, the PRC government has implemented lockdown and quarantine policies in various cities to cope with the outbreak of the COVID-19 pandemic in the country. The prevention and control measures implemented in the PRC effectively suppressed further massive outbreak of the pandemic which help to minimize disruption to work and industrial output. The economic activities gradually resumed in the second half of 2020. According to the National Bureau of Statistics of China, China's Gross Domestic Product ("**GDP**") retained a growth of 2.3% in 2020.

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 be getting more policy support after the 13th 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.

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 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, Ruifeng Renew will consolidate its resources and continue to accelerate the development in wind power business. By fully leveraging the Group's wind farms, Ruifeng Renew 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, 14 May 2021

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2020, the revenue from the wind farm operations amounted to approximately RMB346,401,000 (2019: approximately RMB361,683,000), representing a decrease of approximately 4% from that of year ended 31 December 2019. The segment profit from the wind farm operations was approximately RMB68,944,000 (2019: approximately RMB76,350,000), representing a decrease of approximately 10% from that of year ended 31 December 2019.

Hongsong's wind farm projects

The construction of the Phase 9 Project – The Yuanhui Project of Hongsong had been 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 2020 which made entire contribution to the Group's revenue from wind farm operations for the year ended 31 December 2020.

Baotou Yinfeng's wind farm projects

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.

OPERATING ENVIRONMENT

Despite the temporary economic slowdown brought by the unexpected COVID-19 pandemic, China's GDP has recorded an increase by 2.3% year on year for the year ended 31 December 2020, evidencing China's entering into the "new normal" mode of economic development. Compared to 2019, China's economy maintained a stable trend with increasing positive changes and stabilising growth. China's GDP growth for the fourth quarter of 2020 increased by 6.5% year on year, while various indicators such as industrial electricity consumption, power generation and freight volume in the second half of the year witnessed significantly accelerated growth, and the industry showed a clearly stabilising trend.

While the growth of China's wind power industry is growing steady in recent years, China's economy still maintains a steady growth trend and the wind power industry still managed to record a fairly good development in 2020. According to the National Energy Administration of China, the newly installed on-grid wind power capacity in 2020 was 71.67 gigawatt ("**GW**"), a year-on-year increase of approximately 178% as compared with 2019. The accumulative on-grid wind power capacity reached 280 GW, accounting for approximately 13% of all power generation installed capacity. Wind power generation capacity for the year reached 466,500 GW, accounting for approximately 6.1% of all power generation output. The national average wind power utilization hours was 2,097 hours. The national wind power curtailment was 16,600 GWh (2019: 16,900 GWh), with a year-on-year decrease of 300 GWh.

The focus of the PRC government in the development of renewable energy is to promote the use of wind power and clean energies by implementing various measures and policies, providing the Company tremendous opportunities in the development of its wind farm business, the core operating business of the Company. It appears that the PRC government will continue to support the development of wind power industry with full commitment. This for sure will lay a solid foundation for the development of the Company by way of the unique policy advantages and favorable development environment, and it is expected that the wind power industry will head towards a new stage of development, whilst the Company will undoubtedly benefit from this development.

MAJOR RISKS AND UNCERTAINTIES

(1) Risks of wind turbine equipment utilisation hours fluctuation

The average number of utilisation hours of power generation equipment are influenced by the electric supply and demand, and therefore fluctuate accordingly. The average utilisation hours of the Company's Hongsong Wind Farm in Hebei Province for the years 2019 and 2020 were 2,046 and 1,987 hours, respectively. Should the economic growth rate slackened, there are risks in fluctuations of the average utilisation hours of the Company's wind turbine equipment in the future, and these will definitely have an impact on the Company's profitability.

(2) Risks of wind power pricing fluctuation

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

(3) Risks arising from interest rate fluctuations

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

FUTURE PROSPECTS

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.

Despite the economic slowdown of PRC caused by COVID-19 pandemic, the overall momentum of economic development in the PRC remains stable and positive in the longrun.

Looking ahead, the Group will continue to strengthen its wind farm 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 farm 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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

As the requirements on environmental and ecological protection become more stringent, clean energy consumption in the PRC gains importance under the 14th Five-Year Plan and the Group has been searching for investment opportunities in other clean energy sectors.

The Group is actively seeking opportunities to expand its business scope to hydrogen related businesses including production of hydrogen vehicles, wind power to hydrogen generation, hydrogen storage and building and operation of hydrogen fuel station. It is believed that such expansion is in line with the climates commitments of the central government of the PRC to achieve peak carbon emissions before 2030 and carbon neutrality by 2060.

In the long-run, the Group will focus its effort on the development and optimisation of 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.

FINANCIAL REVIEW

The Group is currently and principally engaged in wind farm operations during the year ended 31 December 2020.

Operating results for the years ended 31 December 2020 and 31 December 2019 were as follows:

	Year ended 31 December		Increase/	Approximate change in
	2020	2019	**(decrease)**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**346,401**	361,683	(15,282)	(4)
Gross profit	**112,613**	116,466	(3,853)	(3)
Profit from operations	**60,857**	85,140	(24,283)	(29)
Loss before taxation	**(173,877)**	(61,607)	112,270	182
Loss for the year	**(203,973)**	(80,778)	123,195	153
Attributable to:				
Equity shareholders of the Company	**(213,010)**	(103,879)	109,131	105
Non-controlling interests	**9,037**	23,101	(14,064)	(61)
Loss for the year	**(203,973)**	(80,778)	123,195	153

		Year ended 31 December	
	Notes	**2020**	2019
Net cash *(RMB'000)*	*1*	**(1,362,795)**	(1,480,490)
Net assets *(RMB'000)*	*2*	**633,223**	790,353
Liquidity ratio	*3*	**158%**	123%
Trade receivables turnover (number of days)	*4*	**271**	234
Trade payables turnover (number of days)	*5*	**5**	14
Earning interest multiple	*6*	**0.24**	0.59
Net debt to capital ratio	*7*	**215%**	187%

Notes:

1. Cash at bank and on hand – Borrowings
2. Total assets – Total liabilities
3. Current assets/Current liabilities x 100%
4. Average trade receivables/Revenue x 365 days
5. Average trade payables/Cost of sales x 365 days
6. Profit before interest and taxation/Finance cost
7. Net debt/Equity x 100%

Revenue

During the year ended 31 December 2020, the Group's revenue was entirely derived from the business of wind power generation. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province and Inner Mongolia, the PRC.

Revenue for the year ended 31 December 2020 was approximately RMB346,401,000 and representing a slight decrease compared to approximately RMB361,683,000 for the year ended 31 December 2019.

Analysis of the Group's revenue for the two years ended 31 December 2020 and 31 December 2019 are set out below:

	2020	2019	**Increase/ (decrease)**	**Approximate change in percentage**
	RMB'000	*RMB'000*	*RMB'000*	%
Wind power generation revenue	**256,301**	268,094	(11,793)	(4)
Wind power generation subsidies	**94,997**	98,904	(3,907)	(4)
Business tax and surcharges	**(4,897)**	(5,315)	418	(8)
Total	**346,401**	361,683	(15,282)	(4)

Cost of Sales

Cost of sales mainly included the cost of raw materials, staff costs, depreciation, repair and maintenance cost, water, electricity, gas, and other ancillary materials. Cost of sales for the year ended 31 December 2020 accounted for approximately RMB233,788,000 (2019: approximately RMB245,217,000), which represented approximately 67% of the Group's revenue (2019: approximately 68%).

Gross Profit

Gross profit was approximately RMB112,613,000 for the year ended 31 December 2020 (2019: approximately RMB116,466,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin for the Reporting Period was approximately 33%, as compared to approximately 32% for the year of 2019.

Other Revenue and Net Income

Other revenue and net income for the year ended 31 December 2020 was mainly comprised of (i) refund of value-added tax from the PRC government amounted to approximately RMB20,314,000 (2019: approximately RMB27,364,000); (ii) rental income from operating leases amounted to approximately RMB2,363,000 (2019: approximately RMB2,300,000); and (iii) other government subsidy amounted to approximately RMB631,000 (2019: Nil).

Administrative Expenses

Administrative expenses mainly included salaries and welfare expenses, professional fees, rental expenses, depreciation expenses, office expenses and other taxation expenses. It increased by approximately 6% to approximately RMB82,444,000 for the year ended 31 December 2020 as compared with that of approximately RMB77,988,000 for the year ended 31 December 2019.

The increase was mainly due to the presence of expected credit losses on amount due from an associate amounted to approximately RMB29,187,000 (2019: Nil) and expected credit losses on loan receivables and other receivables amounted to approximately RMB18,513,000 (2019: Nil), which was partially off-set by (i) absence of a non-cash and non-operating expenses related to the share based payment arising from the issue of Convertible Bonds recorded for the year ended 31 December 2019 amounted to approximately RMB21,255,000; and (ii) absence of loss on remeasurement of other receivables to fair value recorded for the year ended 31 December 2019 amounted to approximately RMB18,000,000.

Expected credit losses on loan receivables and other receivables amounted to approximately RMB18,513,000 was recognised for the year ended 31 December 2020 (2019: Nil). The Group performs impairment assessment under expected credit loss model on loan receivables and other receivables individually. Management considered that the credit risks of certain counterparties have increased significantly after taking into account various factors such as the financial positions and historical settlement record of the counterparties. Based on the assessment, the recoverability of certain loan receivables and other receivables with carrying amount of approximately RMB18,513,000 was remote and full provision of expected credit losses was recognised for the year ended 31 December 2020.

Finance Costs

Finance costs mainly referred to the interest expenses of the Group's borrowings including bank loans and other loans obtained and Corporate Bonds, Notes and Convertible Bonds (as defined below) issued by the Company amounted to approximately RMB140,271,000 for the year ended 31 December 2020 (2019: approximately RMB148,580,000). The decrease was mainly due to the reduction of effective interests incurred for the Notes during the Reporting Period.

Share of losses of associates

During the Reporting Period, the Group recorded share of loss of an associate amounted to approximately RMB92,803,000 (2019: share of profits less losses of associates amounted to approximately RMB3,330,000) which induced the interests in associates on the consolidated statement of financial position becomes nil as at 31 December 2020. The significant share of loss was due to recognition of expected credit losses on loan receivables and other receivables by an associate, Shenzhen Qianhai Jiefeng Financing and Leasing limited* (the "**Associate**") amounted to approximately RMB243,944,000 during the Reporting Period.

The Associate is principally engaged in financial leasing and the Group has 49% voting rights in the Associate. At the end of the Reporting Period, management has assessed the impairment on loan receivables and related loan interest receivables which was classified as other receivables on the financial statements of the Associate on an individual basis. The assessment included evaluation of collectability and ageing analysis of accounts and on the management's judgment, including the current creditworthiness and past collection history of each debtor of the Associate (the "**Debtors**"). Taking into consideration of (i) loan receivables that were past due; (ii) historical settlement and subsequent settlement record; (iii) external sources showing deteriorating creditability or potential financial difficulties of individual debtor; and (iv) lack of latest financial information of individual debtor, management considered that the default risk has increased significantly and the recoverability of the loan receivables and other receivables of the Associate was remote and full provision of expected credit losses was recognised for the year ended 31 December 2020.

In view of the financial position of the Associate, management considered that the recoverability of the amount due from the Associate is remote and full provision of expected credit losses of amount due from the Associate amounted to approximately RMB29,187,000 was recognised for the year ended 31 December 2020.

Taxation

Taxation expenses increased to approximately RMB30,096,000 for the year ended 31 December 2020 (2019: approximately RMB19,171,000). Such increase was mainly derived from the increase in taxable income of Hongsong.

Loss for the Reporting Period

Loss for the year ended 31 December 2020 was approximately RMB203,973,000 (2019: approximately RMB80,778,000). The significant increase in loss for the year was mainly due to the presence of significant share of loss of the Associate incurred during the Reporting Period.

Loss attributable to equity shareholders was approximately RMB213,010,000 (2019: approximately RMB103,879,000).

Net Current Assets

Net current assets as at 31 December 2020 was approximately RMB610,297,000 (2019: approximately RMB164,041,000). Increase in net current assets position as at 31 December 2020 was mainly due to the drawdown of long-term borrowings to increase working capital and to repay bank loans and other loans by Hongsong.

* *For identification purposes only*

Liquidity and Financing

The cash and bank balances as at 31 December 2020 and 31 December 2019 amounted to approximately RMB858,837,000 (mainly denominated in Renminbi ("**RMB**") and Hong Kong dollar ("**HK$**"), which is comprised of approximately RMB858,436,000 and HK$476,000), and approximately RMB103,456,000 respectively.

Total borrowings as at 31 December 2020 amounted to approximately RMB2,221,632,000, representing an increase by approximately RMB637,686,000 when compared with approximately RMB1,583,946,000 as at 31 December 2019. The increase in total borrowings was mainly resulted from the addition of new long-term borrowings by Hongsong during the Reporting Period.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other external financings. The Group's gearing ratio increased to approximately 80% as at 31 December 2020 from approximately 69% as at 31 December 2019. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2020, 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 RMB2,221,632,000 as at 31 December 2020. Among the interest-bearing borrowings of the Group, approximately RMB681,405,000 were fixed rate loans, while approximately RMB1,540,227,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2020 and up to the date of this report, as the Board considered that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuations and interest rate fluctuations in individual transactions.

Issuance of Corporate Bonds

During the Reporting Period, the Company did not issue additional non-listing corporate bonds (the "**Corporate Bonds**") to investors, and principal amount of HK$1,000,000 in total were matured and redeemed (for the year ended 31 December 2019: the Company did not issue additional Corporate Bonds; and principal amount of HK$4,000,000 in total were matured and redeemed).

As at 31 December 2020 and 31 December 2019, principal amount of approximately HK$176,236,000 and HK$177,236,000 of the Corporate Bonds had been issued and had not been repaid respectively. For details, please refer to the announcements of the Company dated 10 July 2014 and 28 April 2015.

Extension of Notes (previously known as Convertible Notes)

On 26 May 2016, the Company entered into a placing agreement (the "**Placing Agreement**") with Get Nice Securities Limited (the "**Placing Agent**") pursuant to which the Placing Agent has conditionally agreed to procure the placee(s) on a best effort basis during the placing period to subscribe for the convertible notes to be issued by the Company of up to an aggregate principal amount of HK$171,600,000 due 2017, with the conversion rights to convert the outstanding principal amount of the convertible notes into ordinary shares of the Company at an initial conversion price of HK$0.65 per conversion share (the "**Convertible Notes**").

Assuming full conversion of the Convertible Notes, a total of 264,000,000 shares of the Company would be allotted and issued, representing (i) approximately 14.67% of the issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 12.80% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares upon full conversion of the Convertible Notes.

On 15 June 2016, the Convertible Notes in the aggregate principal amount of HK$171,600,000 were issued by the Company in accordance with the terms of the Placing Agreement. The net proceeds from the issue of Convertible Notes, after deducting the Placing Agent's commission and other related expenses payable by the Company, amounted to approximately HK$167,900,000.

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

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

On 10 February 2020, the Company and all the noteholders entered into third deeds of amendment (the "**Third Amendment Deeds**") to (i) remove the mechanism under which the noteholders are entitled to convert the outstanding principal amount of the Convertible Notes into conversion shares; (ii) further extend the maturity date (as extended by the Second Amendment Deed) from 15 December 2019 to 15 May 2020; (iii) amend the interest rate of the Convertible Notes from 10% per annum to 12% per annum with effect from 15 December 2019; and (iv) require the Company to pay in advance interest accrued and to be accrued from (and including) 15 December 2019 to (but excluding) 15 May 2020. Save for the aforesaid, all other terms and conditions of the Convertible Notes remain unchanged. The noteholders have irrevocably and unconditionally agreed and undertaken to waive any and all events of default that may have arisen on or prior to the date of the Third Amendment Deeds. The Third Amendment Deeds has become unconditional on 12 February 2020 upon approval being received from the Stock Exchange. Convertible Notes have since then been reclassified as notes (the "**Notes**").

During the Reporting Period, the Notes with principal amount of HK$10,800,000 has been repaid. The Company is currently in negotiation with all the noteholders regarding the possible extension of maturity date and amendment to the other terms and conditions of the remaining balances of the Notes.

No conversion share has been allotted or issued from the conversion of the Convertible Notes during the year ended 31 December 2020. As at 31 December 2020 and 31 December 2019, principal amount of approximately HK$160,800,000 and HK$171,600,000 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 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.

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 entitle the holders to convert into 660,621,052 conversion shares after the adjustment to conversion price.

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

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 entirely and no share charge or equity pledge exists (the "**Supplemental Agreements**"). 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.

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 Supplemental Agreements remain unchanged. The proposed amendments to the maturity date of the Convertible Bonds shall be approved by the Stock Exchange and also the approval from the shareholders shall be obtained at the extraordinary general meeting. The Supplemental Agreements were lapsed on 24 April 2021 as the conditions precedent could not be fulfilled/waived.

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 and 26 April 2021 and the circular of the Company dated 30 January 2019.

Capital Raising

On 4 December 2019, the Company entered into a placing agreement with a sole placing agent pursuant to which the sole placing agent has conditionally agreed to procure, on a best effort basis, not less than six placees to subscribe for up to 180,000,000 placing shares at a placing price of HK$0.25 per placing share under general mandate. The placing was completed on 3 January 2020. An aggregate of 180,000,000 placing shares, representing approximately 9.09% of the total issued share capital of the Company immediately after the completion of placing on 3 January 2020, were allotted and issued to not less than six placees at the placing price of HK$0.25 per placing share.

The actual net proceeds from the placing, after deduction of the placing agent's commission for the placing and other related expenses, amounted to approximately HK$44,097,000. During the Reporting Period, the net proceeds have been fully utilised to repay i) the principal and accrued interest of other loans in the amount of approximately HK$38,000,000 and ii) interest of the Convertible Bonds in the amount of approximately HK$6,097,000.

Further details of the placing of new shares are set out in the announcements of the Company dated 4 December 2019, 10 December 2019, 3 January 2020 and 8 January 2020.

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

Material Acquisition and Disposal

There were no material acquisition and disposal of subsidiaries and associated companies by the Group for the year ended 31 December 2020.

Sale and Leaseback Transactions

On 29 November 2019, Huaneng Tiancheng Financial Leasing Co., Ltd.* (華能天成融資租賃有限公司) (the "**Lessor**") and Hongsong, an indirectly non wholly-owned subsidiary of the Company (the "**Lessee**"), entered into a series of sale and leaseback agreements (the "**Sale and Leaseback Agreements**"), pursuant to which, among other things, the Lessor agreed to purchase from the Lessee certain wind power generators, ancillaries, buildings and land use rights (the "**Leased Assets**") of the operation of a wind farm in Chengde City, Hebei Province, the PRC, at an aggregate consideration of RMB1,800,000,000, which shall be leased back to the Lessee with lease periods range from 5 to 13 years as stipulated in each of the Sale and Leaseback Agreements. Upon expiry of the lease term of each of the Sale and Leaseback Agreements, the Lessee can purchase the Leased Assets at a consideration of RMB20,000. The total purchase consideration for the Leased Assets shall be RMB100,000 in aggregate. The total consideration of the Leased Assets of RMB1,800,000,000 represents a premium of approximately 9.5% over the appraised value of the Leased Assets of approximately RMB1,644,500,000 as at 31 October 2019 as appraised by an independent valuer.

During the lease periods of the Sale and Leaseback Agreements, the ownership of the Leased Assets will be vested in the Lessor. The Lessee shall have the right to possess and use the Leased Assets. In accordance with the requirements of HKFRSs, the sale and leaseback transactions shall be accounted for as a financing transaction and therefore would not give rise to any gain or loss, or reduction in value of the Leased Assets. The Sale and Leaseback Agreements was approved, confirmed and ratified at the extraordinary general meeting held on 13 January 2020. During the Reporting Period, partial consideration of RMB1,260,000,000 has been paid by the Lessor, 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 and 28 December 2020, and the circular of the Company dated 24 December 2019.

Pledge of Assets

As at 31 December 2020, 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 RMB1,043,926,000 (31 December 2019: approximately RMB273,629,000), and trade and other receivables with a carrying value of approximately RMB289,718,000 (31 December 2019: approximately RMB265,840,000) as security for the borrowings obtained by the Group. As at 31 December 2020 and 31 December 2019, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2020 and 31 December 2019, the Group had no material contingent liabilities.

Important Events Occurred Since the End of the Reporting Period

(1) On 29 January 2021, 179,900,000 share options to subscribe for a total of 179,900,000 new ordinary shares of HK$0.01 each of the Company were granted under the Company's share option scheme approved and adopted on 1 June 2015. Further details are set out in the announcement of the Company dated 29 January 2021.

(2) On 29 January 2021, the Company and the holders of the Convertible Bonds entered into the Supplemental Agreements. Please refer to "Issuance of Convertible Bonds" above for details.

(3) On 3 March 2021, the Company entered into a warrant placing agreement with a placing agent in connection with the warrant placing, pursuant to which the placing agent has agreed to place, on a best effort basis, up to 395,828,160 warrants conferring rights to subscribe for up to 395,828,160 warrants share at the initial warrant exercise price of HK$0.205 per warrant share (subject to adjustment) to the warrant placee(s). Each warrant carries the right to subscribe for one warrant share. Further details are set out in the announcement of the Company dated 3 March 2021.

(4) On 24 March 2021, in accordance with the terms and conditions of the Convertible Bonds, the Supplemental Agreements and Subscription Agreements, the Company and the holders of the Convertible Bonds entered into extension agreements to (i) extend the term 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 Supplemental Agreements remain unchanged. Please refer to "Issuance of Convertible Bonds" above for details.

Employees

As at 31 December 2020, the Group had approximately 125 full-time employees (2019: approximately 130 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2020, the relevant staff costs (including Directors' remuneration) were approximately RMB39,152,000 (2019: approximately RMB42,764,000). The Group's remuneration and bonus packages were given based on performance of employees in accordance with the general standards of the Group's salary policies.

The Board adopted a share option scheme on 1 June 2015. During the year ended 31 December 2020, no share options were granted under the share option scheme and no share options were outstanding as at 31 December 2020.

DIRECTORS

As at the date of this report, the Board comprises seven Directors, among whom four are executive Directors and the remaining three are independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang (張志祥) ("Mr. Zhang"), aged 53, is the chief executive officer (the "**Chief Executive Officer**") of the Company and an executive Director. He is also an authorised representative of the Company, a member of each of the remuneration committee and nomination committee of the Company. He was appointed as an executive Director on 7 July 2010.

He graduated from the School of Taxation of the Central Institute of Finance (中央財政金融學院) (now known as the Central University of Finance and Economics (中央財經大學)) in 1991 and received a bachelor's degree in economics. He joined Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd, a former subsidiary of the Group, as the vice general manager in December 2005. He was appointed as a director and the chairman of the board of Hongsong in May 2013.

Mr. Zhang is a director of, and the sole beneficial owner of the share capital in, Diamond Era Holdings Limited ("**Diamond Era**"), a substantial shareholder of the Company interested in 449,362,325 shares, representing approximately 22.70% of the issued share capital of the Company as at 31 December 2020. Mr. Zhang is also the sole beneficial owner of the share capital in Filled Converge which holds the Convertible Bonds issued by the Company in the principal amount of HK$294,183,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 619,332,631 new shares will be issued to Filled Converge, representing approximately 23.46% total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 31 December 2020.

Mr. Ning Zhongzhi (寧忠志) ("Mr. Ning"), aged 57, was appointed as an executive Director on 28 January 2013.

Mr. Ning graduated from Huabei Electric Workers Intermediate Specialised College (華北電業職工中等專業學校) and Hebei Radio and TV University (河北廣播電視大學) in labour and remuneration in October 1984 and in human relation management in July 1988, respectively. Mr. Ning was qualified as a senior economist by the Senior Specialty and Technology Qualification Judging Committee of the State Power Corporation of China (國家電力公司高級專業技術資格評審委員會) in April 2001. Mr. Ning has long been working in the electricity power industry, being a key responsible staff of county-level power supply enterprise, and was the head of human resources department since March 2003. Mr. Ning was the director and chairman of Hongsong from May 2010 to May 2013.

Mr. Li Tian Hai (李天海) ("Mr. Li"), aged 54, was appointed as an executive Director on 14 July 2015.

Mr. Li graduated from 東北財經大學 (Dongbei University of Finance and Economics) with a master's degree in economics in 2004. Mr. Li also obtained the qualification of senior accountant conferred by 國家電力公司 (National Power Company) (currently known as State Grid Corporation of China) in 2003. From 1992 to 2004, Mr. Li was the supervisor of the investment department and vice chief accountant in 達拉特發電有限公司. From 2004 to 2007, Mr. Li was the chief accountant in 上都發電有限責任有限公司 (Shangdu Electricity Limited Company). During his tenure with 北方龍源風力發電有限公司 (Northern Long Yuan Wind Power Limited Company) from 2007 to 2014, he served as the deputy general manager as well as the chief accountant. Since 2014 to present, Mr. Li was the deputy general manager in 華能集團北方聯合電力公司錫林郭勒熱電公司 (China Huaneng Group North United Power Corporation Xilin Gol Thermo Electricity Corporation). Mr. Li is experienced in the power systems and financial arrangements of the state-owned enterprises in PRC.

Mr. Peng Ziwei (彭子瑋) ("Mr. Peng"), aged 34, was appointed as an executive Director on 20 June 2016.

Mr. Peng graduated from Beijing Information Science & Technology University with a bachelor's degree in financial management in July 2008, and further obtained a master's degree in economics from University at Buffalo, the State University of New York in June 2010.

From May 2011 to December 2015, Mr. Peng worked for various investment companies in the PRC, and was responsible for conducting analyst reports on pre-IPO companies, resolving issues regarding overseas assets allocation, formulating project feasibility analysis on project investment and development of marketing strategies and objectives for certain sales plans. Mr. Peng is currently a director of Diamond Era, a substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qu Weidong (屈衛東) ("Mr. Qu"), aged 54, is an independent non-executive Director, the chairman to the nomination committee of the Company and a member of each of the audit committee and remuneration committee of the Company. Mr. Qu was appointed as an independent non-executive Director on 11 December 2010.

Mr. Qu graduated from the Tsing Hua University (清華大學) in the PRC in 1990 with a bachelor's degree in engineering. He obtained a master's degree in international business at the University of Auckland in 1999. Mr. Qu is now the chairman of Beijing Eastern Forest JS Investment Limited (北京東霖鉅盛投資有限公司). Mr. Qu has over 22 years of in the field of investment, of which 8 years of experience in investment banking. He was a director and general manager of Beijing Zero2IPO Venture Investment Management Centre (北京清科創業投資管理中心). He was the investment director of Bluerun Investment Consulting (Beijing) Co., Ltd. from June 2007 to September 2010, and Capinfo Company Limited (首都信息發展股份有限公司) from April 2005 to July 2007. He worked at the headquarters of the investment bank of China Galaxy Securities Co., Limited (中國銀河證券股份有限公司投資銀行總部) from March 2003 to July 2005.

Ms. Hu Xiaolin (胡曉琳) ("Ms. Hu"), aged 52, is an independent non-executive Director, the chairman to the remuneration committee and a member of each of the audit committee and nomination committee of the Company. Ms. Hu was appointed as an independent non-executive Director on 9 May 2011.

Ms. Hu graduated from Northwest University (西北大學), the PRC, with a bachelor's degree in literature in July 1990. She obtained a master of literature from Capital Normal University (首都師範大學), the PRC in July 1995. Ms. Hu worked in the news commentary department and sports centre of Beijing Television (北京電視台) from 1995 to 2005. She had worked as a producer and a general director (總導演) of a section in Shanghai China Business Network Co. Ltd. (上海第一財經傳媒有限公司) from January 2005 to March 2008. She has been a director and a general manager of Shanghai Shile Yongdao Culture Communication Co., Ltd. (上海世樂永道文化傳播有限公司) since March 2008. Since February 2016, Ms. Hu is the president of Fortune Media Communication Co., Ltd. (財富視點傳媒有限責任公司).

Mr. Jiang Senlin (姜森林) ("Mr. Jiang"), aged 49, is an independent non-executive Director, the chairman to the audit committee of the Company and a member of each of the nomination committee and remuneration committee of the Company. Mr. Jiang was appointed as an independent non-executive Director on 31 January 2019.

Mr. Jiang, has been the vice-president and chief financial officer in Wonderland International Financial Holdings Limited (華德國際金融控股有限公司) since January 2018 and an executive director of Enviro Energy International Holdings Limited (stock code: 1102) since 28 June 2019. Mr. Jiang worked in Beijing Renge Technology Corp. Ltd (北京仁歌科技股份有限公司) (NEEQ Code: 837824, voluntarily delisted in December 2018) as vice general manager and chief financial officer from September 2015 to December 2017. He also worked as chief financial officer (Asia) in Morningstar, Inc. (NASDAQ: MORN) from August 2009 to September 2015. Mr. Jiang qualified as an accountant in the PRC in May 1998 and as an intermediate financial officer conferred by the Ministry of Personnel, the PRC in November 1997. Mr. Jiang completed his research program in Art and Culture (文藝學) at Sichuan University in July 2000 and obtained his bachelor's degree in accountancy at the Central Institute of Finance (中央財政金融學院) (now known as the Central University of Finance and Economics) in June 1993.

SENIOR MANAGEMENT

Mr. Wang Jian (王劍) ("Mr. Wang"), aged 52, is the director and general manager of Hongsong, responsible for the daily operation of Hongsong. Mr. Wang was graduated in 2004 from China Agricultural University (中國農業大學) majoring at economic management professional. He obtained senior operating qualification in 2005 and obtained advanced project management qualification in 2006. Mr. Wang joined Hongsong in 1999 and involved in the establishment of Hongsong. He was appointed as the director and general manager of Hongsong since 2001, and he has over 14 years working experience in wind farm operation and management.

Mr. Fan Guoliang (范國亮) ("Mr. Fan"), aged 40, is the secretary of the Board of Hongsong. He is mainly responsible for the Board and the administrative management of the Group. Mr. Fan graduated from Hebei University of Science and Technology majoring Business Administration in 2005 and received a bachelor's degree in Management. He received a master's degree in economics from Central University of Finance and Economics in 2014. In March 2005, he joined Hongsong and served as the head of the secretary office of the Board, deputy director, directors of certain subsidiaries of the Group in the PRC, secretary of the board and deputy general manager.

COMPANY SECRETARY

Ms. Wong Yuk Ki (黃鈺琪) ("Ms. Wong"), has been appointed as company secretary and authorised representative of the Company on 31 December 2019. Ms. Wong holds a bachelor degree of Business Administration in Professional Accountancy from The Chinese University of Hong Kong. Ms. Wong is a member of the Hong Kong Institute of Certified Public Accountants. She has over ten years of working experience in the auditing and accounting fields.

DIRECTORS' REPORT

The Directors present this report and the audited consolidated financial statements for the year ended 31 December 2020 ("**the current year**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of the Group are wind farm operation. The activities of its principal subsidiaries are set out in note 14 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2020 and further discussion and analysis of the matters as required by Schedule 5 to the Companies Ordinance, Chapter 622, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business are set out in the section headed "Management Discussion and Analysis" of this report. Those discussions form part of this directors' report.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 83 to 84 of this report.

PROPOSED FINAL DIVIDEND

The Directors did not recommend the payment of dividends for the year ended 31 December 2020 (2019: Nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 172 of this report.

PROPERTY, PLANT AND EQUIPMENT

During the current year, the Group acquired property, plant and equipment in the amount of approximately RMB5,576,000 (2019: approximately RMB51,520,000). Details of movements in the property, plant and equipment of the Group during the current year are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the current year are set out in note 28 to the consolidated financial statements.

DONATIONS

No charitable or other donations were made by the Group during the current year (2019: Nil).

RESERVES

Details of movements in the reserves of the Company during the current year are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Pursuant to the relevant rules of the Cayman Islands, the Company's reserves available for distribution to Shareholders as at 31 December 2020 amounted to approximately RMB373,769,000.

DIRECTORS

The Directors during the current year and up to the date of this report were:

Executive Directors

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

Independent non-executive Directors

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

In accordance with Article 108(a) of the Company's articles of association, Mr. Li Tian Hai, Mr. Qu Weidong and Mr. Jiang Senlin shall retire by rotation at the forthcoming annual general meeting (the "**AGM**"). All the retiring Directors, being eligible, offer themselves for re-election at the AGM.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The details of the biographies of the existing Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management" on page 21 to page 24 of this report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors, namely, Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules, and as at the date of this report, the Company still considers all the independent non- executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS OF THE RETIRING DIRECTORS

All the Directors have entered into service contracts with the Company, subject to the termination provisions therein and re-election at the general meeting upon retirement by rotation.

None of the Directors being proposed for re-election at the forthcoming AGM has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors has or had interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the Reporting Period.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTION, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as discloses in note 32 to the consolidated financial statements, no transaction, arrangement and contract of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director has a material interest, where directly or indirectly, subsisted at the end of the year or at any time during the current year.

SHARE OPTION SCHEME

Share Option Scheme

Pursuant to an ordinary resolution passed by the Shareholders on 1 June 2015, a share option scheme (the "**Share Option Scheme**") was adopted by the Company to provide appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group.

Share Option Scheme shall be valid for 10 years from 1 June 2015 and the particulars of the Share Option Scheme are set out in note 26 to the consolidated financial statements. For the year ended 31 December 2020, no share options were granted under the Share Option Scheme by the Company. In addition, as at 31 December 2020, no share options under the Share Option Scheme were outstanding.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme as disclosed above, at no time during the current year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MATERIAL CONTRACTS

Save as disclosed in this report, no contract of significance has been entered into during the current year between the Company or any of its subsidiaries and the controlling shareholder (if any) or any of its subsidiaries.

DISCLOSURE OF INTEREST

(a) Interests of Directors and chief executive of the Company

As at 31 December 2020, save as disclosed below, none of the Directors or chief executive 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 (Cap. 571) ("**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 Listing Rules:

Long positions in shares and underlying shares of the Company

	Number of shares/underlying shares			Approximate percentage of shareholdings
Name of Director	**Corporate interests**	**Convertible Bonds**	**Total**	*(Note 3)*
Zhang Zhixiang ("**Mr. Zhang**")	449,362,325 *(Note 1)*	619,332,631 *(Note 2)*	1,068,694,956	54.00%

Notes:

1. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era. As at 31 December 2020, Diamond Era was interested in 449,362,325 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.

2. Filled Converge is wholly-owned by Mr. Zhang which holds the Convertible Bonds issued by the Company in the principal amount of HK$294,183,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 619,332,631 new shares will be issued to Filled Converge, representing approximately 23.46% total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 31 December 2020.

3. Based on the total number of issued shares (i.e. 1,979,140,800 shares) of the Company at 31 December 2020.

(b) Interests of substantial Shareholders and other persons

As at 31 December 2020, 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Number of shares & underlying shares held/ interested	Nature of interest	Position	Approximate percentage of shareholdings *(Note 3)*
Diamond Era *(Note 1)*	449,362,325	Beneficial owner	Long	22.70%
Filled Converge *(Note 2)*	619,332,631	Beneficial owner	Long	31.29%

Notes:

1. As at 31 December 2020, Diamond Era was interested in 449,362,325 shares. Diamond Era is wholly-owned by Mr. Zhang, an executive Director.

2. Filled Converge is wholly-owned by Mr. Zhang which holds the Convertible Bonds issued by the Company on 25 March 2019 in the principal amounts of HK$294,183,000. Assuming the conversion right of the Convertible Bonds were exercised in full, the total of 619,332,631 new shares will be issued to Filled Converge, representing approximately 23.46% total issued shares assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 31 December 2020.

3. Based on the total number of issued shares (i.e. 1,979,140,800 shares) of the Company at 31 December 2020.

CONNECTED TRANSACTIONS

Save as otherwise disclosed in this report, all the related party transactions in 2020 as disclosed in note 32 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with the relevant reporting, announcement or independent shareholders' approval requirements. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the current year attributable to the Group's largest and five largest customers and suppliers, respectively, were as follow:

— the largest customer	100%
— five largest customers	100%
— the largest supplier	38%
— five largest suppliers	81%

To the knowledge of the Directors, none of the Directors, their associates or any Shareholders owning more than 5% of the Company's issued share capital, had any interest in any of the five largest customers or suppliers of the Group.

BANK LOANS

Particulars of bank loans are set out in note 24 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, the Directors, managing Directors, alternate Directors, Auditors, secretary and other officers for the time being of the Company shall be indemnified and secured harmless out of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or about the execution of their duty in their offices or in relation thereto.

The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Company throughout the current year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "**Remuneration Committee**") on the basis of the merit, qualifications and level of competence of the employees.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, their individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to Directors and eligible employees. Details of the Share Option Scheme are set out in note 26 to the consolidated financial statements and the paragraph headed "Share Option Scheme" in this Directors' Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was a sufficient public float of the shares as prescribed under the Listing Rules.

ACQUISITIONS AND DISPOSAL

Save as disclosed in the section headed "Material Acquisition and Disposal" in the "Management Discussion and Analysis" session, there are no material acquisition and disposal during the current year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Among the global community focusing increasingly on reducing the dependence on conventional fossil fuels to mitigate global warming caused by greenhouse gases, China has also identified wind power generation as a key component of national economic growth. The Company recognises that clean energy has become an indispensable part of the environment and economy for the country and even the globe. The Company is committed to developing wind farm projects to provide the state power grid with clean and renewable energy, easing the dependence on conventional fossil fuels and hence effectively avoiding greenhouse gas emissions, serving as an important direct towards the Company's sustainable development. Details of environmental policies and performance are set out in the "Environmental, Social and Governance Report" session of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Board pays attention to the Company's policies and practices on compliance with legal and regulatory requirements in both the PRC and in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the year ended 31 December 2020, as far as the Board and management are aware, there was no material non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operation of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company emphasizes the protection of employees' legitimate rights and occupational health and safety, as well as observing Labour Law of the PRC and standards relating to occupational health in the wind power industry. Meanwhile, we understand that maintaining a close work relationship with the national grid and suppliers has a far-reaching impact on the Company's sustainable development. During the current year, the Company maintains a sound relationship with the national grid and suppliers without any major disputes.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD

Details of important events occurred since the end of the reporting period are set out in the section headed "Management Discussion and Analysis — Important Events Occurred Since the End of the Reporting Period" in this report.

QUALIFIED OPINION

The auditor of the Company, ZHONGHUI ANDA CPA Limited (the "**Auditor**"), has expressed qualified opinion for the year ended 31 December 2020 (the "**Audit Modifications**"). Please refer to the paragraph headed "Basis for Qualified Opinions" of the Independent Auditor's Report contained in this annual report for details.

(I) Audit Modifications on interest in the Associate and amount due from the Associate

Details of the modification

Please refer to "Share of losses of associates" in the "Management Discussion and Analysis" for details.

The Auditor could not obtain sufficient audit evidence to verify (i) the management's representation that certain Debtors of the Associate were involved in the court proceedings in the PRC; (ii) the latest financial information of the Debtors in order to access the creditworthiness, operational performance and default risks of each of the Debtors and the recoverable amounts of the loan receivables of the Associate and the interests in arrears; and (iii) the action plan to be taken by the Group to recover the investment in the Associate.

The Group has requested the management of the Associate with the supporting information and documents on the repayment or renewal advice of the loan receivables of the Associate but the Associate were not able to provide any of them.

In respect of the legal proceedings, the Board has attempted to search any relevant status or progress from the public sources but in vain given the information of legal cases in the PRC might not always be available to public until the court decision comes out.

In respect of the action plan to recover the investment in the Associate, the Group has currently been seeking legal advice in order to collect more details of the relevant legal proceedings involving the Debtors as well as obtaining latest financial statements of the Debtors.

Due to the lack of the information or document as audit evidence, the Auditor is unable to satisfy themselves as to whether the share of loss of the Associate, the expected credit loss on the amount due from the Associate and the expected credit loss on other receivables of the Company for the year ended 31 December 2020 is recognised by the Group in an appropriate manner.

Management's view and assessment on the modification

Taking into account that (i) the loans receivables of the Associate have past due; (ii) lack of the relevant information and/or documents from the Associate for repayment or renewal of the loans receivables of the Associate; and (iii) certain Debtors which are currently involved in the court proceedings in the PRC, the Board considers that the default risk of the loans receivables of the Associate is significantly high and the recoverability of the loans receivables of the Associate and amount due from the Associate is remote. In this regard, full provision of expected credit losses on interest in the Associate and amount due from the Associate were recognised by the Group for the year ended 31 December 2020.

Action plan of the Group to address the modification

The Group is currently seeking legal advice in the PRC regarding (i) the details of the court proceedings involving the Debtors; (ii) the assessment on the recoverability of the investment in the Associate and the amount due from the Associate; (iii) the proposed legal action that the Group could take or engages a legal adviser to take with a view to reduce the Group's loss; and (iv) issuance of a legal opinion for the Group. The Group expects to finalise the discussion and engagement with a legal adviser for the above matters by the end of June 2021.

Removal of the modification

After discussion with the Auditor, the Board is of the view that the Audit Modifications on interest in the Associate and amount due from the Associate could be removed if there were sufficient ground to substantiate the appropriateness of the impairment on interest in the Associate and amount due from the Associate in the event that the investment in and the amount due from the Associate are still unable to be recovered after the Board has taken all possible actions included in the Group's plan stated as above. In this regard, the qualified opinion regarding interest in an associate and amount due from an associate can be removed in the next financial year.

(II) Audit Modifications on other receivables

Details of the modification

Reference is made to (i) the announcements of the Company dated 13 April 2018 and 3 May 2018 in relation to the equipment purchase agreements of certain machinery and equipment (the "**Equipment**") for the construction project of a wind farm in the PRC entered into between Baotou Yinfeng and one of the suppliers, Suzlon Energy (Tianjin) Limited* (the "**Supplier**"); and (ii) the announcement dated 17 December 2015 in relation to the Company entered into the memorandum of understanding with a vendor, a company indirectly holding 75% equity interest in the Supplier, in connection with a possible acquisition of the abovementioned equity interest in the Supplier with a refundable deposit of US$6,500,000 (equivalent to approximately RMB42,100,000) paid by the Company to the vendor ("**the Deposit**") which the Deposit was subsequently transferred by the vendor to the Supplier in November 2018.

The Group has paid approximately RMB132,000,000 to the Supplier in previous years as consideration of the Equipment and Deposit. The Supplier was subsequently in financial difficulties and its production was suspended, thus the Supplier was unable to deliver the Equipment to Baotou Yinfeng. The Supplier has not discharged its repayment obligation on the Deposit. The Group has continuously demanded repayment from the Supplier on the Equipment and Deposit but in vain. The Group has recorded loss on remeasurement of other receivables to fair value of approximately RMB18,000,000 for the year ended 31 December 2019.

During the Reporting Period, Baotou Yinfeng commenced legal proceedings in the PRC against the Supplier for partial consideration paid. The PRC court has ruled that the Supplier should return a sum of approximately RMB36,000,000 to Baotou Yinfeng for the failure to deliver the Equipment. As at 31 December 2020, other receivables due from the Supplier amounted to approximately RMB78,423,000.

The Auditor could not obtain sufficient audit evidence to verify the proposed legal actions to be taken by the Group to recover the other receivables and the court decision of the legal actions in respect of the other receivables.

Management's view and assessment on the modification and action plan of the Group to address the modification

In respect of the Deposit, the Group has engaged a legal adviser in the PRC in order to collect the refund of Deposit from the Supplier but the Supplier has failed to meet its repayment obligation.

In respect of the consideration of the Equipment, the PRC court ruled that the Supplier shall refund a sum of RMB36,000,000 to the Group. As such, the Group is currently in progress of seeking for legal advice while preparing relevant evidences for the proposed further legal actions for recovery of the remaining consideration of the Equipment amounted to approximately RMB36,323,000 and the Deposit of approximately RMB42,100,00 respectively. It is expected that the Group will institute legal proceedings against the Supplier in the second half of 2021.

Removal of the modification

After discussion with the Auditor, the Board is of the view that there would not be any uncertainty regarding the recoverability of the other receivables in the event that the court decision on the legal actions to be taken by the Group against the Supplier is finalised. In this regard, the qualified opinion regarding other receivables can be removed in the next financial year.

(III) Audit Committee's view on the Audit Modifications

After the review on the amounts regarding the Associate and other receivables, and the discussion on the Audit Modifications with the management, the audit committee of the Board (the "**Audit Committee**") confirmed it has reviewed and agreed with the management's position and basis on the Audit Modifications and considered that the Company had provided the Auditor with all audit evidence available to the Company in relation to the Audit Modifications.

In addition, the Audit Committee has reviewed and agreed with the proposed action to be adopted by the Group to address the Audit Modifications as it is expected that such proposals of the Group would achieve an outcome which might satisfy the Auditor to remove the Audit Modifications in the next financial year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" session of this report.

AUDITORS

The accounts for the year ended 31 December 2017 were audited by HLB Hodgson Impey Cheng Limited, which has resigned as the auditors of the Company with effect from 24 December 2018. Save as disclosed above, there was no other change in auditors of the Company during the past three years.

The accounts for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 were audited by ZHONGHUI ANDA CPA Limited whose term of office will expire upon the forthcoming AGM. A resolution for the re-appointment of ZHONGHUI ANDA CPA Limited as the auditors of the Company for the subsequent year is to be proposed at the AGM.

On behalf of the Board

Zhang Zhixiang
Executive Director & Chief Executive Officer

Hong Kong

14 May 2021

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance in order to raise the quality of management and protect the interests of shareholders of the Company as a whole. To honor these commitments, the Group believes that good corporate governance reflects that a responsible enterprise must be credit worthy and transparent and abide by a high level of code of practice. Accordingly, the Company has adopted and applied corporate governance principles that emphasise a quality Board, effective internal controls, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

CORPORATE GOVERNANCE CODE

For the Reporting Period, the Company has adopted and complied with the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**Code**") in Appendix 14 to the Listing Rules, except for the deviations from Code Provisions as described below:

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other pre-arranged business commitments which must be attended by the Directors, Mr. Ning Zhongzhi, Mr. Li Tian Hai, Mr. Peng Ziwei, Mr. Qu Weidong and Ms. Hu Xiaolin, did not attend the annual general meeting held during the year ended 31 December 2020.

Under Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As at the date of this announcement, there has been no chairman of the Board (the "**Chairman**") in the Company. Mr. Zhang Zhixiang acted as the Chief Executive Officer of the Company, and is responsible for all day-to-day corporate management matters. 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 Board. 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 A.2.1 of the Code if necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries with all the Directors and all the Directors confirmed that they had complied with the practice as contained in the Model Code and the aforesaid code of conduct adopted by the Company for the year ended 31 December 2020.

Senior management and those staff who are more likely to be in possession of unpublished price-sensitive information, inside information or other relevant information in relation to the Group have adopted rules based on the Model Code. These senior management and staff have been individually notified and advised about the Model Code by the Company. No incident of non-compliance of the Model Code by relevant senior management members was noted by the Company during the year ended 31 December 2020.

THE BOARD OF DIRECTORS

Board Responsibility and Delegation

The Board is collectively responsible for the formulation of all commercial policies and strategies in relation to the business operation of the Group to ensure that ample resources and effective internal controls (including financial controls) are in place. The Board has the responsibility to establish the Company's policies and overall strategy of the Group, and provides effective supervision of the management of the Group's affairs. The Board also supervises the financial performance of the Group's business operations and internal controls. All the Directors are able to obtain information on the Group's business on a timely basis and to make further inquiries if needed.

The Board oversees the Group's overall strategic plans, approves major funding and investment proposals and reviews the financial performance of the Group. The Board supervises the management of the business and affairs of the group.

The management, consisting of executive Directors along with other senior management of the Group, is delegated with the responsibilities to carry out policies set by the Board from time to time and supervises the day-to-day management of the Group. The management of the Group meet regularly to review the business performance of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

The Board has delegated some of its functions to the board committees, details of which are set out below. Matters specifically reserved for the Board include but not limited to approval of financial statements, dividend policy, significant changes in accounting policies, material contracts or transactions, significant appointments such as company secretary of the Company (the "**Company Secretary**") and external auditor, terms of reference of board committees, as well as major corporate policies such as code of conduct and whistle-blowing policy.

The Company has arranged directors' and officers' liability and company reimbursement insurances for its Directors and officers in accordance with Code Provision A.1.8 of the Code.

The Board is responsible for performing the corporate governance functions set out in Code Provision D.3.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of Directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

COMPOSITION AND APPOINTMENT

Composition

As at the date of this report, the Board comprises seven Directors, of whom four are executive Directors and three are independent non-executive Directors. The composition of the Board during the year ended 31 December 2020 and up to the date of this report is as follows:

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

The term of appointment of each of the independent non-executive Directors is 2 years and subject to retirement by rotation and re-election in accordance with the Company's articles of association.

The details of the biographies of the existing Directors are set out in the section headed "Biographies of Directors and Senior Management" on page 21 to page 24 of this report.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, during the year ended 31 December 2020, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents at least one-third of the Board, among the three independent non-executive Directors, Mr. Jiang Senlin, possesses appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Board considers that the independent non-executive Directors are all independent persons with appropriate qualifications or expertise and the Company has complied with the relevant requirements of the Listing Rules.

The Company has received from each of its independent non-executive Directors an annual confirmation of their independence pursuant to the requirements under the Listing Rules. The Company, based on such confirmations, considers all independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin have satisfied the independence requirement under Rule 3.13 of the Listing Rules.

As at 31 December 2020, Mr. Zhang Zhixiang is a director and holds 100% of the issued share capital of Diamond Era and Filled Converge, which are substantial shareholders of the Company holding a total of approximately 40.48% of the issued share capital of the Company assuming full exercise of the conversion rights attached to all Convertible Bonds issued by the Company as at 31 December 2020.

Save as disclosed above, the Directors confirmed that there was no relationship (including financial, business, family or other material/relevant relationship) between the Board members or other major events or relevant matters that were required to be disclosed.

Board meetings

The Board has supervised and controlled the Company's affairs effectively, and relevant decisions were made in the Company's best interests. For the year ended 31 December 2020, the Board had held 12 Board meetings to consider (of which included) the Company's transactions, financial affairs and other matters under the Articles of Associations to carry out its duties.

For the year ended 31 December 2020, the Board has complied the following statistics:

Director's name	Number of meetings attended/held Board	General
Executive Directors		
Mr. Zhang Zhixiang *(Chief Executive Officer)*	12/12	2/2
Mr. Ning Zhongzhi	12/12	0/2
Mr. Li Tian Hai	8/12	0/2
Mr. Peng Ziwei	6/12	0/2
Independent non-executive Directors		
Mr. Qu Weidong	6/12	0/2
Ms. Hu Xiaolin	11/12	0/2
Mr. Jiang Senlin	8/12	1/2

PROCEDURES OF BOARD MEETINGS

The Board has established meeting procedures and has complied with the provisions of the Code.

The procedures of Board meetings provide that the Board shall meet at least four times each year and can convene additional meeting when necessary. Directors can express different opinions at Board meetings. Important decisions will be made only after detailed discussions by the Board. Directors who have conflict of interest or material interests in the relevant transactions will not be counted towards the quorum of the meeting and shall abstain from voting on the relevant resolutions. Minutes of Board meetings and other committee meeting will be drafted by the Company Secretary and will be sent to all members for their comments and records respectively. Directors are entitled to inspect the minutes at any time.

INDUCTION AND PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he or she has a proper understanding of the Company's operations and businesses as well as his or her responsibilities under the relevant statutes, laws, rules and regulations.

During the current year, Directors are provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. In particular, training sessions covering topics including the Code and the disclosure of inside information had been held during the year.

According to the records provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2020 is as follows:

Director's name	Reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements/attending briefing sessions
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	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the current year, there have been no Chairman in the Company. Mr. Zhang Zhixiang acted as the Chief Executive Officer of the Company, and was 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 A.2.1 of the Code if necessary. One meeting has been held by the Chief Executive Officer and the independent non- executive Directors, without the presence of other Directors during the current year to discuss and review the performances of the executive Directors.

AUDITOR'S REMUNERATION

During the year ended 31 December 2020, the amount of fee paid or payable to the auditors of the Group, ZHONGHUI ANDA CPA Limited, was as follows:

Type of service	**Fee**
Audit services	HK$1,300,000
Non-audit services	HK$180,000

ACCOUNTABILITIES AND AUDIT

The Directors understand their responsibility to prepare the Group's financial statements according to relevant legal provisions and the Hong Kong Generally Accepted Accounting Principles to ensure that the financial reports present a true and fair view of the Group's financial conditions. In the preparation of the Group's financial reports for the year ended 31 December 2020, the Directors had adopted and implemented the appropriate accounting policies, made prudent and reasonable judgments and projections and prepared the financial statements on a going concern basis.

The Board had presented information on the Group's developments and various corporate information which aimed to be comprehensive, balanced and easily understood, including but not limited to the interim and yearly financial reports as stipulated in the Listing Rules, disclosure of and public announcement of information which influence the Shares and submitted reports to the regulatory authorities and made other disclosures pursuant to regulatory provisions.

The auditors' responsibilities are set out in the Independent Auditor's Report on pages 78 to 82 of this report.

The accounts for the year ended 31 December 2020 were audited by ZHONGHUI ANDA CPA Limited whose term of office will expire upon the AGM. The Audit Committee has recommended to the Board that ZHONGHUI ANDA CPA Limited be re-appointed as the auditors of the Company at the AGM.

RISK MANAGEMENT AND INTERNAL CONTROL

Effectively implementing the risk management and internal control measures is an ongoing responsibility of the Board and the management of the Company. The monitoring objectives of the Company are to provide reasonable assurance that the Company's operational management is lawful and compliant, the assets are safe, the financial statements and related information are true, fair and complete, and operational efficiency and effectiveness are enhanced, thereby the development strategy of the Company is accomplished.

The Company paid particular attention to the ongoing optimization of the internal control, including risk assessment and internal control evaluation, into its daily supervision and management of the Company. The internal control awareness and system are gradually strengthened, while the duties are clearer segregated and elaborated. Through effective assessment in accordance with the confirmative risk assessment and internal control evaluation plan, the internal control infrastructure through the said assessment and evaluation is further established. With a summary of the general defects identified in the operating system of the Company come the proposed solutions and remediations.

The Board acknowledges its responsibility to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems. However, risk-taking is an unavoidable necessity and an accepted part of the Company's business, effective risk management is an integral to preserving competitive advantages and ensures the Company achieves its strategic and business objectives. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management

Risk management applies to all aspects of the Group's business and is a critical component in developing strategic plans, preparing operational plans and budgets, approving investment projects and managing project plans. The major procedures of risk assessment of the Company consist of: goal setting, information collection and risk identification, risk analysis, response to risk, risk monitoring and reporting.

Business units and divisions specify the risk management strategies and the solutions to risk management, and set a risk alert level and the relevant strategies pursuant to the prescribed risk tolerance corresponding to the operating objectives. Solutions to risk management are established for each significant risk based on the risk management strategy. Combining with the development stages and the business expansion needs, information relating to changes in risks is continuously collected for risk identification and risk assessment, and for prompt adjustment to the strategies in response to risks.

The management of the Group maintains and evaluates the risk management system on a regular basis.

The Group integrates the risk management and internal control system into various business processes, and adopts various measures and procedures to evaluate and prudently improve the effectiveness of the risk management and internal control system, including organizing the Group and affiliated companies to conduct self-assessment on risks on a regular basis, and to conduct independent risk assessment and internal control evaluation as well.

Risks are evaluated by the Board and management based on the severity of the impact on the Company and the probability that the risk will occur.

Based on the risk evaluation, the Group will manage the risks as follows:

- Risk elimination: management may identify and implement certain changes or controls that in effect eliminate the risk entirely.

- Risk mitigation: management may implement a risk mitigation plan designed to reduce the likelihood and/or the severity of impact to an acceptable level.

- Risk acceptance: management may decide that the risk rating is acceptable for the Company meanwhile and as such no action is required. However, the risk would continue to be monitored to ensure the level of risk does not increase to an unacceptable level.

Controls and review

Policies and procedures are in place to ensure that relevant management directives are carried out and actions that may be needed to address risks are taken. These may include approvals and verifications, reviews, safeguarding of assets and segregation of duties.

Control activities can be divided into operations, financial reporting and compliance, although there may, on occasion, be some overlap among them. The typical control activities adopted by Group companies include:

- analytical reviews: such as conducting reviews of actual performance versus budgets, forecasts, prior periods and competitors;

- direct functional or activity management: reviews of performance reports;

- physical controls: ensuring equipment, inventories and other assets are safeguarded and subjected to periodic checks; and

- segregation of duties: dividing and segregating duties among different people, with a view to strengthening checks and minimizing the risk of errors and abuse.

Inside Information

The Board of the Company is the governing body of inside information. In order to standardize the inside information management of the Group, the Board takes reasonable precautions to preserve the confidentiality of inside information, maintains the principle of fairness of information disclosure, and protects the legitimate rights and interests of the Company and its shareholders, creditors and other stakeholders. The Company formulates a control system in accordance with relevant laws, regulations and rules by taking into consideration the actual situation of the Company.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Group:

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

- closely communicates and seeks advice from its legal advisor in the assessment of the likely impact of any unexpected and significant event that may impact the price of the Shares or their trading volume and to determine whether the relevant information is considered inside information that needs to be disclosed as soon as reasonably practicable pursuant to the SFO and the Listing Rules;

- has included in its Corporate Code of Conduct a strict prohibition on the unauthorized use of confidential or inside information; and

- ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

Assessing the effectiveness of Risk Management and Internal Control Systems

The Board, via the Audit Committee, is responsible for the review and assessment of the major risks the Group faces and the review, approval and monitoring of the Group's response to such risks annually.

The Audit Committee oversees the risk management process and reviews the effectiveness of the risk management and internal control systems by performing the following procedures:

- Review with management annually those reports on compliance with the risk management policy;

- Discuss with management annually on the Group's major risks and the steps management has taken since then or should take to address and deal with such risks; and

- Review the effectiveness of the Group's risk management practices.

Management is responsible for ensuring the Group's business operations are being conducted in line with our risk management policy, taking into consideration changes in external environment and the Group's risk tolerance level.

In addition to the Board's supervision, the Group has developed a risk management process to identify, evaluate and manage significant risks and to remediate material internal control deficiencies (if any). Management, through the engagement of the independent internal control and risk advisory consultant, is responsible for the annual risk reporting process. The independent internal control and risk advisory consultant meets with members of the senior management to review and assess risks and discuss remedial measures to address material internal control deficiencies (if any), including any changes relevant to a given year. Risks are compiled, ratings assigned and mitigation plans documented. The risk assessment is reviewed by management and presented to the audit committee and the Board for their review.

The Group has in place effective processes and systems for the identification, capture and reporting of operational, financial and compliance-related information in a form and timeframe intended to ensure that staff carry out their designated responsibilities.

Risk Management and Internal Control Process

On behalf of the Board, the Audit Committee reviews annually the continued effectiveness of the Group's risk management and internal control systems dealing with risk and financial accounting and reporting, the effectiveness and efficiency of operations, compliance with laws and regulations, and risk management functions.

This assessment considers:

- the scope and quality of management's ongoing monitoring of risks and of the risk management and internal control systems;

- the extent and frequency with which the results of monitoring are communicated, enabling the Committee to build up a cumulative assessment of the state of control in the Group and the effectiveness with which risk is being managed;

- the incidence of any significant control failings or weaknesses that have been identified at any time during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition;

- the effectiveness of the Group's processes in relation to financial reporting and statutory and regulatory compliance;

- areas of risk identified by management;

- significant risks reported by the independent internal control and risk advisory consultant;

- work programs proposed by the independent internal control and risk advisory consultant and the external auditors; and
- significant issues arising from internal and external audit.

As a result of the above review, the Board considers that the Group's risk management and internal control systems are effective and adequate and have complied with the Code Provisions on risk management and internal control throughout the year and up to the date of this report.

Internal Audit

The Group has engaged an independent internal control and risk advisory team, which plays a major role in monitoring the corporate governance of the Group and providing an objective assessment to the Board that a sound internal control system is maintained and operated by the management.

The internal control and risk advisory team would conduct regular and independent reviews of the effectiveness of the Group's internal control system. The Audit Committee reviews the findings and recommendations of the internal control and risk advisory team on the effectiveness of the Group's internal control system and reports to the Board on such reviews.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin, and Mr. Jiang Senlin is the chairman of the Audit Committee. The annual results of the Company for the year ended 31 December 2020 and this report has been reviewed by the Audit Committee before being presented to the Board for approval.

The Audit Committee held 2 meetings during the current year. The attendance record of the Audit Committee meetings are as follows:

Name of member	Number of Audit Committee meetings attended/Number of meetings held	Title
Mr. Jiang Senlin *(chairman of the Audit Committee)*	2/2	Independent non-executive Director
Mr. Qu Weidong	2/2	Independent non-executive Director
Ms. Hu Xiaolin	2/2	Independent non-executive Director

The Audit Committee has reviewed the audit performance, the internal controls and risk management and the interim and audited accounts for the year ended 31 December 2020. In performing its duties, the Audit Committee has overseen the Company's relationship with the auditors, the nature and scope of the audit, reviewed of the process by which the Company evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It also reported to the Board on the proceedings and deliberations of the Audit Committee. The Audit Committee has also reviewed this report and confirmed that this report has complied with the Listing Rules.

DIVIDEND POLICY

The Company has adopted a dividend policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy (including but not limited to the Group's financial results, cash flow position, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans), dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

REMUNERATION COMMITTEE

The Remuneration Committee shall meet at least once a year to decide on the Director's emoluments. During the current year, the Remuneration Committee comprised one executive Director/Chief Executive Officer, namely, Mr. Zhang Zhixiang and the three independent non-executive Directors namely, Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin. Ms. Hu Xiaolin currently serves as the chairman of the Remuneration Committee.

The role and function of the Remuneration Committee include, inter alia, making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing policy on such remuneration, reviewing and determining the remuneration packages for all executive Directors and senior management, making recommendations to the Board of the remuneration of non-executive Directors, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time and reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment. The terms of reference of the remuneration committee are in compliance with the Code and are available on the website of the Stock Exchange and the Company.

The Remuneration Committee held 1 meeting during the current year, at which the Remuneration Committee reviewed, discussed and determined the remuneration policy and the remuneration of the Directors and the senior management during the year. The attendance record of the Remuneration Committee meetings are as follows:

Name of member	Number of Remuneration Committee meeting attended/Number of meeting held	Title
Ms. Hu Xiaolin *(chairman of the Remuneration Committee)*	1/1	Independent non-executive Director
Mr. Zhang Zhixiang	1/1	Executive Director and Chief Executive Officer
Mr. Qu Weidong	1/1	Independent non-executive Director
Mr. Jiang Senlin	1/1	Independent non-executive Director

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. As at 31 December 2020, there was no arrangement in which the Directors waived their remuneration.

Details of Directors' remuneration are set out in note 7 to the consolidated financial statements.

Senior management's remuneration payment of the Group in the year ended 31 December 2020 falls within the following bands:

	Number of Individuals
RMB1,000,000 or below	2
RMB1,000,001 to RMB2,000,000	1

NOMINATION COMMITTEE

The Nomination Committee comprised one executive Director/Chief Executive Officer, namely Mr. Zhang Zhixiang and three independent non-executive Directors namely, Mr. Jiang Senlin, Mr. Qu Weidong and Ms. Hu Xiaolin. Mr. Qu Weidong currently serves as the chairman of the Nomination Committee.

The role and function of the Nomination Committee include, inter alia, reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board, identifying individuals suitably qualified to become Directors, assessing the independence of the independent non-executive Directors, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning of directors, determining the policy for nomination of Directors and reviewing its own performance, constitution and terms of reference. The terms of reference of the Nomination Committee are in compliance with the Code and are available on the website of the Stock Exchange and the Company.

The Nomination Committee held 1 meeting during the current year. The attendance record of the Nomination Committee meetings are as follows:

Name of member	Number of Nomination Committee meeting attended/Number of meeting held	Title
Mr. Qu Weidong *(chairman of the Nomination Committee)*	1/1	Independent non-executive Director
Mr. Zhang Zhixiang	1/1	Executive Director and Chief Executive Officer
Ms. Hu Xiaolin	1/1	Independent non-executive Director
Mr. Jiang Senlin	1/1	Independent non-executive Director

During the current year, the Nomination Committee adopted a diversity policy setting out the approach to diversity of members of the Board. The Company recognises and embraces the benefits of having a diverse Board. The Nomination Committee works to ensure a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and objectives. All Board appointments would continue to be made based on meritocracy. Selection of candidates would be based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision would be based on merit and contribution that the selected candidates would bring to the Board as well as the needs of the Company.

COMPANY SECRETARY

Ms. Wong has been appointed as the Company Secretary with effect from 31 December 2019. The Company Secretary reports directly to the Board. All the Directors have easy access to the services of the Company Secretary and responsibility of the Company Secretary is to ensure the Board meetings are properly held and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advices with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of disclosable transactions, connected transactions and inside information.

Ms. Wong had taken no less than 15 hours of relevant professional training during the year ended 31 December 2020.

INVESTORS RELATIONSHIP

The Board recognises the importance of maintaining clear, timely and effective communication with Shareholders and investors. The Board also recognises that effective communication with investors is the key to establish investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors and the Shareholders receiving accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate correspondence on the Company's website. The Board continues to maintain regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. The Directors and the members of the Board committees would attend and are available to answer questions at annual general meetings of the Company. Separate resolutions would be proposed at general meetings of the Company on each substantially separate issue.

During the year ended 31 December 2020, the Company did not make any significant changes to its memorandum and Articles of Association.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management recognise the responsibility of safeguarding the interest of Shareholders. The Company reports its financial and operating performance to Shareholders through annual reports and interim reports. Shareholders can also obtain information of the Group in time through annual reports, interim reports, announcements, circulars, press releases and the Group's company websites. Shareholders can raise questions directly to the Board in respect of the performance and future development of the Group at annual general meetings.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time put forward their proposals or inquiries to the Board in writing through the Company Secretary whose contact details are as follows:

China Ruifeng Renewable Energy Holdings Limited
Room 1801, 18/F., Great Eagle Centre,
No. 23 Harbour Road, Wanchai,
Hong Kong
Email: ir@c-ruifeng.com
Tel No.: +852 2598 5188
Fax No.: +852 2114 2358

Procedures for putting forward proposals at general meetings by Shareholders

Pursuant to Article 64 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transactions of any business specified in such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) may do so in the same manner.

Pursuant to Article 113 of the Articles of Association, no person (other than a retiring Director), shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgment of the notices required under the Articles of Association will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR REPORT

OVERVIEW

This environmental, social and governance report (the "**Report**") provides information on the corporate social responsibility performance of China Ruifeng Renewable Energy Holdings Limited (hereinafter referred to as the "**Company**", together with its subsidiaries, collectively the "**Group**") in terms of environment, society and governance ("**ESG**") during the year from 1 January 2020 to 31 December 2020 (the "**Reporting Period**"). This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and contains all disclosures as recommended in the Guide.

REPORTING SCOPE

This Report covers all areas of the Group's business over which the Group has financial significance and operational influence, as well as those of ESG significance to the Group and its stakeholders, including its main project, Hongsong Wind Farm, in Hebei province, the People's Republic of China (hereinafter as "**PRC**") which accounts for almost 90% of the Company's total installed operational wind farm capacity. Unless otherwise indicated, all key performance indicators in this Report include only data for the wind farm operation. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

CONTACT US

We welcome views and suggestions from readers on this Report or on our ESG performance. Your comments regarding the Report are constructive to our determining the Group's future sustainability strategy. If you have any comments on or suggestions about the Report or our ESG performance, please contact us by email at ir@c-ruifeng.com.

MESSAGE FROM CHIEF EXECUTIVE OFFICER

The Group is committed to developing renewable energy, we have constructed national grid along with transmitting efficient and stable wind energy source, to explore and utilise wind farm resources and realise integrated operation. On the other hand, being a responsible corporate citizen, the Group is committed to building and growing its business in a sustainable manner, so as to positively influence our surrounding communities and the environment.

Our business units have various sustainable development principles integrated within their policies and operational procedures. We endeavour to foster a sense of environmental stewardship within the Group, continue to cultivate our talented employees by implementing training programmes and strive to improve our sustainability performance and resource efficiency.

With these concluding thoughts, I would like to extend my gratitude to all of our stakeholders, particularly our employees, none of our accomplishments in the past, present or future could be possible without their support. Therefore, the Group takes great care to meet the needs of our staff, including their well-being through workplace benefits and oversight of occupational health and safety.

In the future, the Group will speed up the development in wind power business and leverage on the resources and advantages of our own power grid business in the proactive exploration of development opportunities among the other fields of new energy with an aim to establish a firm market position in the new energy industry.

REPORTING PRINCIPLES

We have taken the following reporting principles into account in development of this Report:

- Materiality: We regularly engage our stakeholders to better understand their concerns relating to sustainability issues that affect them. We also make reference to our peers and both local and regional sustainability criteria when we review our sustainability context, materiality and disclosures in order to keep our sustainability priorities and strategy relevant. Risk factors relating to material sustainability issues are integrated into the Group's risk management framework. The Board and the Management regularly review the sustainability issues that are most significant to our business and operations, and consider the issues discussed in this Report to be material to the Group.

- Quantitative: Our data collection and analysis for the Report were based on relevant guidelines and standards, such as ISO 14064 for our greenhouse gas ("**GHG**") emissions and the guidelines issued by the Government of HKSAR for energy and carbon audits for our buildings. Furthermore, figures may not add up to the total due to rounding.

- Balance: We aim to keep our report balanced and make fair disclosures on critical aspects of our performance, both in terms of progress made and continuing challenges that we are dealing with.

- Consistency: Since 2017, we have reported in accordance with the Guide, which allows for year-to-year comparison with our previous performance.

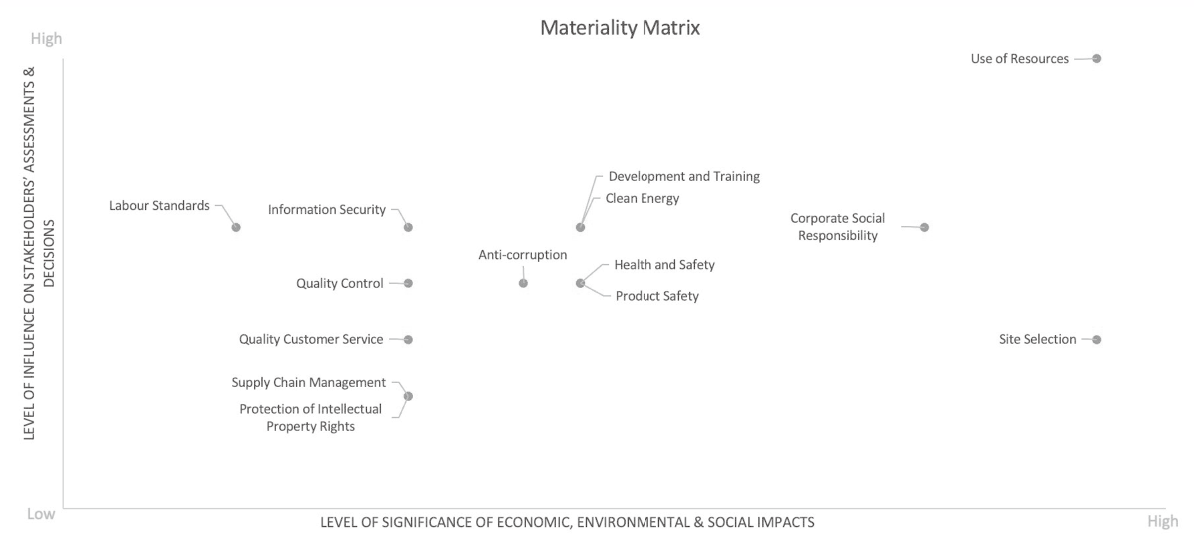
COMMUNICATION WITH STAKEHOLDERS

The Group recognises the responsibility and accountability to all stakeholders. We actively listen to external opinions in an effective and careful manner and respond to and addressing their concerns as we believe their opinions are indispensable for business development and the fulfillment of the Group's corporate social responsibility. As such, we continue to maintain close communication with our stakeholders and improve ourselves, so as to promote and enhance our performance of sustainable development. Stakeholder's expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Concerns	Communication Channels
Shareholders and investors	• Corporate governance system • Information disclosure and transparency • Protection of interests and fair treatment to shareholders • Investment returns	• Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website and email
Customers	• Stable relationship • Product and service quality • Customer privacy protection • Business integrity and ethics	• Customer support hotline and email
Employees	• Career development opportunities • Health and safety • Remuneration and benefits • Working environment	• Training, seminars and briefing sessions • Staff appraisals • Cultural and sports activities • Intranet and emails
Suppliers and partners	• Fair tendering • Business ethics and reputation • Long-term partnership	• Business meetings, emails and phone calls • Review and assessment • Regular meeting
Regulatory bodies and government authorities	• Compliance with rules and laws • Implementation of policies • Payment of payment	• Compliance advisor • On-site inspections • Financial reports • Website • Legal advisor
The community, non-governmental organisations, and media	• Giving back to society • Environmental protection • Social welfare • Health and safety	• Community activities • ESG reports • Media

MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of this Report. To better understand the expectations of stakeholders on the Group's ESG performance, we have conducted a materiality assessment in a survey form to collect information from relevant departments, business units and stakeholders of the Group to identify the material ESG issues. The material ESG aspects recognised as the key concerns to the Group's sustainability, which substantially impact the sustainability of the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

ENVIRONMENTAL PROTECTION

Management Guidelines and Policies

Over the past years, the Group has formulated a variety of environmental policies and management measures pursuant to the Environmental Protection Law of the PRC. Environmental considerations are central to our decision-making and management processes, the Group is committed to raising standards for environmental protection of the society and to minimise the risks and impacts of the Group's operations on the environment, thereby creating a cleaner and liveable environment.

During the Reporting Period, the Group strictly complies with all applicable environmental laws and regulations and was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, such laws and regulations include but are not limited to the Environmental Protection Law of the PRC, and the Prevention and Control of Atmospheric Pollution of the PRC.

Pollution Control

Air emissions

The air pollutant the Group generated is mainly due to automobile emissions in wind farm. In response to the above source, the Group has actively taken the following emission reduction measures to minimise the impacts:

- Conduct regular vehicle inspection and maintenance to enhance vehicle efficiency;
- Educate employees to turn off engines for idling vehicles; and
- Actively adopt other emission reduction measures, which are described in the section headed "Countermeasures to Climate Change".

During the Reporting Period, the Group's air emissions performance was as follows:

Types of exhaust gas	Unit	Emissions
Nitrogen Oxides (NOx)	kg	232.60
Sulphur Oxides (SOx)	kg	1.18
Particulate Matter (PM)	kg	22.29

Waste management

The Group has been pursuing a responsible approach to the treatment and disposal of different types of waste generated pursuant to the requirement of relevant regulation.

The hazardous waste generated by our wind farms are mainly used lubricating grease and wastes related thereto, such as containers used to store lubricating grease. Lubricating grease is mainly used to lubricate the turbine unit. To ensure that there is no leakage of lubricating grease, our technicians inspect, clean and repair the parts regularly. Our technicians also add lubricating grease according to the original maintenance requirements of relevant machine so as to avoid unnecessary waste grease. We have set up warehouses to store hazardous wastes with dedicated personnel to manage the collection and storage of waste grease, and appointed appropriate and qualified contractor to properly handle the materials contaminated with lubricant oil. Besides, we recycle and dispose of the lubricant oil containers in strict accordance with the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, so as to effectively reduce and manage hazardous wastes in all aspects; classify chemical waste and get them correctly packed and properly labelled for identification purpose before passing them to the entrusted entity for transportation and disposal, and provide clear work guidelines to employees.

The Group also attaches great importance to the management of non-hazardous waste. Non-hazardous wastes generated were principally general waste. We advocate waste reduction from the source and follow the 3R waste management strategy to reduce waste generation and consider reuse and recycle before waste disposal, so as to achieve our goal of "zero harmless waste". The Group has also adopted the following environmentally friendly initiatives to enhance its environmental performance:

- Reduce the use of single-use disposable items; and
- Recycle office and electronic equipment after their life cycle.

During the Reporting Period, the Group's wastes disposal performance was as follows:

Types of waste	Unit	Disposal amount
Non-hazardous waste	tonnes	24.00
Non-hazardous wastes intensity	tonnes/GWh	0.03
Hazardous waste	tonnes	2.80
Hazardous waste intensity[1]	tonnes/GWh	0.004

Note:

During the Reporting Period, the Group had generated approximately 736.69 GWh energy. The data is also used for calculating other intensity data.

Making Good Use of Resources

As a clean energy supplier and producer, the Group recognises the value of resources. We are committed to reducing the consumption of resources to achieve the optimal utilisation of resources throughout our operations. In order to reduce energy and improve the efficiency of resource utilisation, we have implemented several management systems in different business units to improve the efficiency of resource utilisation from all aspects covering resource recovery, energy saving, moving towards to electronic means and water conservation.

Energy saving and consumption reduction

Electricity is attributable to the majority of the Group's energy consumption. The Group has strived to adopt new technologies and equipment, and has implemented a number of targeted actions related to energy-saving to promote environmental performance and reduce energy consumption. For example, the Company uses high-efficiency heat pumps that could reduce more than 50 tonnes of standard coal consumption per annum. Moreover, the Company has adopted the following measures for further reducing consumption of energy:

- Encourage natural lightings in all/some of the Company offices in order to reduce power consumption for lighting during daytime;
- Set air conditioner temperatures in the Company's offices within 25°C;
- Switch off idle office equipment, such as computer displays and printers at the end of the working day; and

- Inspect, repair and maintain all equipment on a regular basis to reduce energy wastage due to mechanical ageing.

Anomaly in energy consumption will be investigated to find out the root cause and preventative measures will be taken. Through the implementation of the above initiative, employees' awareness on energy reduction has been increased. During the Reporting Period, the Group's energy consumption performance was as follows:

Types of energy	Unit	Consumption
Direct energy consumption	MWh	1,179.26
Petrol	MWh	388.23
Diesel	MWh	791.03
Indirect energy consumption	MWh	2,163.16
Electricity	MWh	2,163.16
Total energy consumption	MWh	3,342.42
Total energy consumption intensity	MWh/GWh	4.54

Water efficiency

The Group's water consumption is mainly arising from the daily use of water by employees. Although the Group's operation did not consume a significant amount of water, we still consider water consumption as an important issue. The Group has adopted the following measures for more efficient use of water:

- Promote the concept of water consumption among employees and strengthens the maintenance, inspection and management of water-consuming equipment for water conservation;
- Pay attention to the efficient utilisation of water resources, and carries out effective management from both awareness and practice perspectives;
- Promote employee awareness of water conservation by putting up posters and signs, striving to achieve "turn off water when you leave"; and
- Regular inspection on water pipes and related equipment, and handling of drips and leaks in a timely manner are proven measures to ensure efficient utilisation of water resources and reduction in wastage.

During the Reporting Period, the Group's water consumption performance was as follows:

Indicator	Unit	Consumption
Water consumption	m^3	7,123.00
Water consumption intensity	m^3/GWh	9.66

Paperless office

In view of the burden on forest resources from paper used in offices, the Company takes initiatives to create an efficient "paperless, information-based and systematic" working environment. Wherever feasible, all paper shall be used on both sides, electronic systems shall be employed for archiving and preparation of documents, and unnecessary documents shall be deleted or reduced. Employees are encouraged to post announcements, report on information of the latest events or collect comments and suggestions via electronic communication, thus effectively reducing paper consumption in the course of daily operation and make contributions to the protection of valuable forest resources. During the Reporting Period, the Group has consumed approximately 0.06 tonnes of paper.

Packaging materials consumption

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG aspect of the Group.

Promoting green operations

Biological Diversity

The Group places particular emphasis on the impact of business activities on biodiversity and local ecosystems. Therefore, we have adopted various environmental protection measures and provide corresponding protection at the places where we operate. The Company seeks to achieve environmental protection during the construction and operation stages of wind farms. The development and operation of wind farms may also have a negative impact on the ecological environment or local residents, such as the noise pollution, the use of land space and marine space, etc.. As such, in the course of site selection and construction of a wind farm, the Company will carry out practical assessment, give full consideration to the site's ecological value, impact on surrounding areas and the susceptible groups, and ensure that all constructions have environmental assessment approvals issued by regulatory authorities and conform to national environmental protection policies. The Company also abides by the operational requirements, including the handling of wastes related to lubricant oil in accordance with national laws and regulations in order to minimise the potential environmental impact and maximise the benefit of clean wind power.

Green procurement

As for procurement, it is the Group's on-going task to encourage green procurement strategies. For instance, prioritising the use of refrigerators and other electrical appliances with energy efficiency labels, using various environmentally friendly materials such as reusable ink cartridges, recycled papers and secondhanded furniture, so as to avoid consumption of excessive resources.

Countermeasures to Climate Change

The Company recognises that clean energy has become an indispensable part of the environment and economy for the country and even the globe. Wind energy is one of the favourable renewable and sustainable energy sources for which many countries intend to use to gradually replace fossil fuels. Therefore, we are committed to developing wind farm projects to provide the state power grid with clean and renewable energy, thereby reducing our dependence on conventional fossil fuels and hence effectively avoiding GHG emissions. The Company invests resources so as to progressively improve wind power capacity and integrates environmental management into each level of its operational strategies.

The principal sources of the Group's GHG emissions were generated from fuel consumption by automobiles and stationary machineries (Scope 1) as well as purchased electricity (Scope 2). To reduce GHG emissions, we embrace green practices in our day-to-day operations and we have adopted the following measures in our operations:

- Eliminate substandard vehicles and regularise the procurement of diesel and gasoline for vehicles;
- Utilise teleconference or video meetings to prevent non-essential business travel; and
- Actively adopt environmental protection, energy conservation, and water conservation measures, which are described in the section headed "Making Good Use of Resources".

Besides, the Group propagates environmental protection messages to employees by posting notices and posters of green information in office areas to raise their awareness and promote best practices of environmental management. With the adoption of the above measures, employees' awareness on GHG emissions has been raised. During the Reporting Period, the Group's GHG emissions performance was as follows:

Indicators[1]	Unit	Emissions
Scope 1 — Direct GHG emissions	tCO_2e	226.29
Scope 2 — Energy Indirect GHG emissions	tCO_2e	1,857.51
Total GHG emissions	tCO_2e	2,083.80
Total GHG emissions intensity	tCO_2e/GWh	2.83

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and based on, including but not limited to, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs issued by the Stock Exchange of Hong Kong Limited, Global Warming Potential Values from the IPCC Fifth Assessment Report, 2014 (AR5), and the latest emission factors of China's regional power grid basis.

During the Reporting Period, the GHG emissions avoided by wind power generated by Hongsong Wind Farm was as follows:

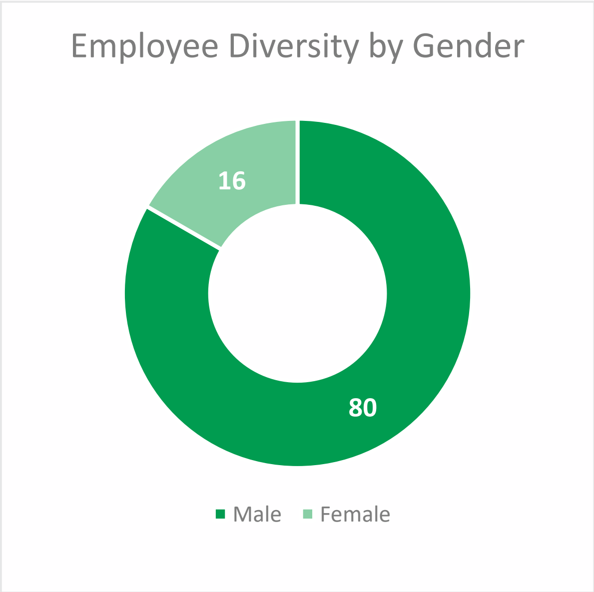
Indicator	Unit	Avoided power
Avoided power generation	MWh	736,690.00
GHG emissions avoided	tCO_2e	632,595.70

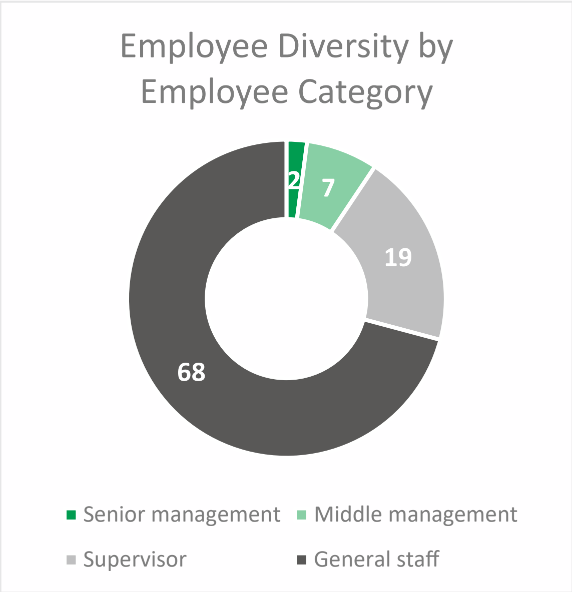
PEOPLE-ORIENTED

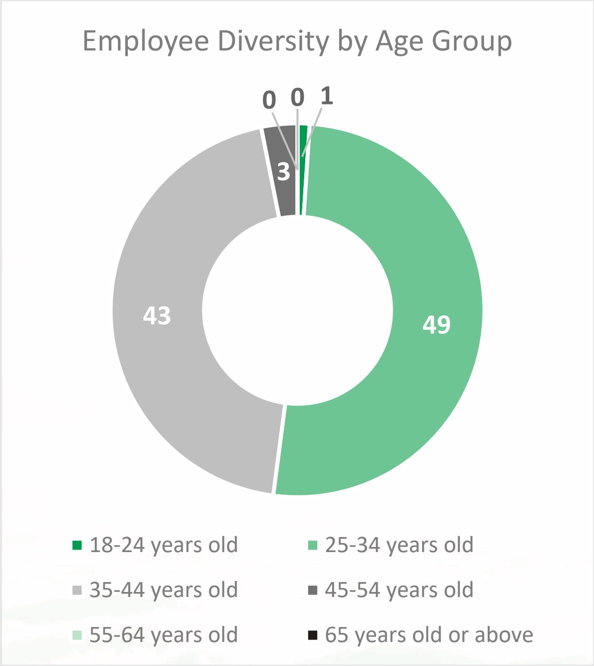
The Group's achievement over the business performance is largely rooted on the recruitment, retention of talents and the relative training for staff members. The Group recognises the importance of attracting and retaining talents are constructive for the Group to remain competitive. The Group's talent management policy covers the expansion of recruitment platform, providing attractive remuneration package and benefits, facilitating employee training and career development and promoting employees' work-life balance, aiming to become the "best employer". Meanwhile, the Group strives to create a safe, inclusive and caring work environment. Our dedicated human resources committee will always review and improve related employment policies and ensure they are kept up with local laws and regulations. The Group also ensures employment practices are aligned with the set of legal requirements and industrial standards.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact to the Group, such laws and regulations include but are not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Social Insurance Law of the PRC.

As at 31 December 2020, the distribution of employees according to gender and age group are as follows:







Equal employment

Equal opportunity and diversity

The Group is committed to creating a working environment of mutual respect, harmonious inclusiveness and safety. "Non-discrimination" and "diversification" are two major elements in our management and operation planning. We adopt diversity and non-discriminatory policies to ensure that each job applicant is entitled to his/her respective rights. The Company's Employee Handbook has clearly set out the anti-discrimination guidelines and principles of equal opportunities, stipulating that all employees are provided with equal opportunities, regardless of their race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. Our recruitment process shall be carried out in accordance with the Labour Law of the PRC and the Labour Contract Law of the PRC, and our employees shall be recruited according to the employment procedures and standards as stipulated in the Company's systems. Any employee who is intimidated, humiliated, bullied or harassed (including sexual harassment) may report to the employee's representative, or file complaints directly to the management representative or the general manager, and the Group will take a serious approach to resolve these issues upon receiving the said complaints.

Recruiting and retaining talents

We review our human resources demand on a regular basis, and discuss with department heads on talent requirements to ensure sufficient and suitable candidates are employed and talents are securely retained for corporate development. Moreover, the Company attaches great importance to the fair and objective evaluation of its employees' performance. Therefore, we have established an Administrative Measures on Employee Performance to assess employees' performance and provide an objective and reliable basis for remuneration decision, education and training, promotion, reward and recognition, etc..

Protection of rights and interests

As a responsible employer, the Company has formulated the Labour Contract Management Methods based on the Labour Law of the PRC, the Labour Contract Law of the PRC and other relevant laws and regulations in the PRC. The policy is formulated with reference to the Group's actual operating conditions so as to standardise the Group's management of labour contracts and strengthen the bilateral bond with employees. We will handle retirement formalities for employees who have reached the statutory retirement age in accordance with the relevant regulations; and go through any dismissal procedures according to the Labour Law of the PRC and as stipulated in the relevant labour contract. The Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds supported by internal policies of the Group. In the event of a work-related accident, the Group will make reasonable compensation and properly handle the same in accordance with relevant laws.

Employee treatment

The Group has developed a comprehensive salary review mechanism. We consider the research result for salary review in the job market in addition to the business performance, employee's duty and their annual performance appraisals to adjust corresponding remuneration so as to provide employees with fair and competitive compensation packages.

The Attendance Management System has been formulated in accordance with relevant national regulations to ensure that production and working are in order. The well-established internal rules help to reinforce labour discipline, improve man-hour utilisation and labour efficiency, and protect employees' right to rest periods and vacations.

The Group continues to invest in improving the benefits of its staff. We have formulated relevant employee welfare in accordance with standards by Ministry of Human Resources and Social Security of the PRC as well as the Labour Law of the PRC. The Group pays five social insurances and one housing fund for its employees in the PRC in compliance with the laws and regulations, namely endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund to ensure employees are covered by social insurance. During the employment period, each employee receives appropriate remuneration with sufficient compensation for rest periods, vacation, sickness, injury and occupational diseases, as well as childbirth benefit and death compensation. Durations and remuneration levels for periods of medical treatment, pregnancy, childbirth and lactation are all complied with relevant laws and regulations.

Employee engagement

We understand that the cohesion between the Group and its employees serves as an important driver for the development of the Group, and establishing good communication channels between the employees and us comes to the cornerstones of the operation of the Group. Therefore, we use electronic channels and notice board for announcing latest message and information on a regular basis to employees, and employees can express their views and suggestions freely in any communication channels.

Occupational health and safety

Employees are the most valuable resource to us, occupational health and safety is a priority of the Group. We strive to create a safe and healthy working environment for employees and to achieve the goal of zero work accidents. Various measures are taken to prevent occupational diseases and industrial casualties. We implement policies with reference to the Labour Law of the PRC and standards relating to occupational health in the wind power industry, and formulate the Safety Education and Training System, the Work Safety Supervision System, the Safety Hazard Screening System, and the Labour Protection System and the Occupational Health Inspection System to fully guarantee advanced levels of occupational safety through systems, education, inspection.

During the Reporting Period, there were neither reported cases of work-related fatalities, nor the Group was aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, such laws and regulations include but are not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases.

Management system construction

In order to achieve effective supervision on work safety, we have established the Work Safety Supervision System and arranged dedicated personnel to take charge of the Group's occupational health and safety affairs. We convene meetings periodically to discuss environment, safety and health matters, and review the performances of occupational health and safety affairs so as to decrease the number of on-the-job accidents. Meanwhile, we are subjected to the supervision and guidance from the local government safety supervision department, whereby the accident risks in our workplaces and equipment are screened in accordance with the Safety Hazard Screening System, and matters regarding occupational health and safety are rectified and improved in accordance with relevant national laws. The Group has also formulated the Labour Protection System to effectively protect the safety and health of our employees. Our employees are provided with protective equipment including safety helmets, insulated boots and dust masks in keeping with legislation to further safeguard occupational safety of employees.

In addition, the Group organises various occupational health and safety training programs each year to enhance the health and safety awareness of its employees and contractors. Our Safety Education and Training System covers unified planning, unified management, graded implementation, classification guidance, safety training and other work in line with state regulations for the electrical power industry and other relevant regulations. We uphold the principle of "training before work begins" by arranging employees to regularly receive various safety education and training courses. The Company has also incorporated safety training into its annual training programme and set up safety education and training records.

In view of the COVID-19 outbreak, the Group remains highly vigilant to the potential impact of health and safety on its employees. The Group has issued memorandum to its employees to remind them of the importance of maintaining personal hygiene and conducting additional sanitation procedures to the windfarm and the Group's premise. The Group required that employees and any personnel entering the Group's premise should have their temperature taken before entering the Group's premise, they were also required to wear a facial mask at all times. The Group has also imposed measures to avoid the spreading of COVID-19, such as providing alcohol-based hand sanitisers to everyone entering the Group's premise.

Communication with employees

The Group employs a variety of communication channels, such as WeChat, e-learning platforms and corporate social networks, to promote occupational safety among its employees. These channels can also be used to issue accident warnings to business teams so as to facilitate our employees to acquire necessary information on health, safety and environmental protection in a timely manner. We collect information concerning health and safety and upload such information to intranet for employees to review.

The number of work-related fatalities and work days lost due to work-related injuries and over last three years are as follows:

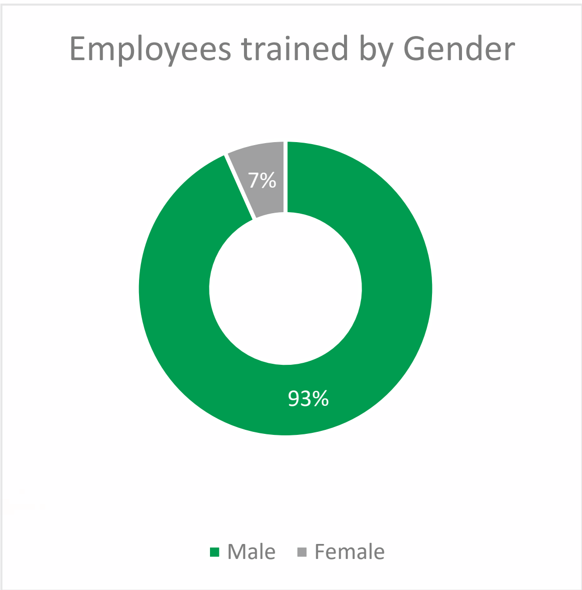
	2018	2019	2020
Work-related fatalities	0	1	0
Number of lost work days due to work-related injuries	32	0	0

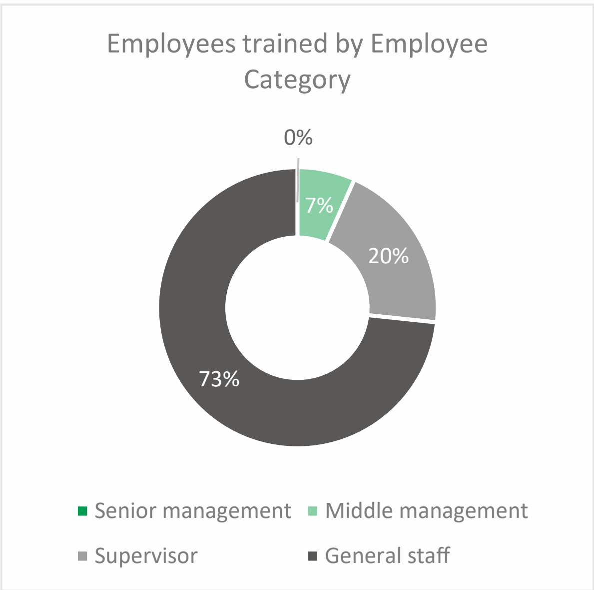
Training and development

Management guidelines and policies

We believe that continuous learning and development are indispensable to enhance the value of our team and the professionalism of our employees, and will in turn improve the productivity of the Group. Therefore, the Group has invested heavily in employee development and training, and encouraged our employees to attend external and internal trainings relating to career development. We have adopted relevant policies to ensure that employee training are provided and managed in a systematic manner, to ensure all employees possess necessary knowledge and skills, and encourages them to take part in vocational certification and professional evaluation.

The breakdown of employees trained by gender and employee category are as follows:





During the Reporting Period, the average training hours per employee is 50.83 hours. The breakdown of the average training hours completed per employee by gender and employee category are as follows:

	Average training hours (hours)
By Gender	
Male	57.00
Female	4.00
By Employment Category	
Senior Management	0
Middle Management	5.71
Supervisor	4.21
General Staff	1.18

In order to help new employees adapt to the working environment and integrate into the Group's culture more quickly, we organise orientation training to help them in understanding the Group's system, milestone of development, value, culture and situation. We have also adopted a scheme of veteran employees to mentor new ones where new employees are guided and trained to adapt to daily work. Through such scheme, the expertise and skills for the job role, the operational safety work procedures and the relative experience shared by the veteran employees will help the new comers to get job satisfaction within a short period of time and get better achievement.

Training on various occupational skills

We are dedicated to establishing a team of technical staff with proper training for job-related skills provided. The Group is also committed to providing its employees with training on various occupational skills. Where employees have training development needs, they may attend external training courses after successful application to the department head and apply for reimbursements from the Company for the training expenses incurred. This will help our employees to improve their professional skills, management strength, teamwork spirit and personal efficiency, and will in turn promote the business growth of the Company.

Protection of rights and interests

The Company has always spared no effort in safeguarding human rights. We believe that ethical operation practices can ensure long-term business growth. The Group strictly prohibits the employment of child labour, illegal workers and forced labour, and we maintain a zero tolerance attitude towards any form of child labour, illegal workers and forced labour. Our employees may exercise their rights to freedom of association by joining trade unions and participating in collective negotiation, and report any suspected misconduct or abuse through the whistle-blowing mechanism of the Group.

The Group's human resource and administrative department is responsible for monitoring and ensuring compliance with the latest laws and regulations that prohibit child and forced labour. We will verify candidates' age and nationality by checking their identity in recruitment to avoid illegal labour such as child and illegal worker. Personal data are collected during the employment process to assist in the selection of suitable candidates and to verify candidates' personal data. The human resource and administrative department ensures that the identity documents are carefully checked. If violation is involved, it will be dealt with in the light of circumstances.

The employment contract with the Company clearly specifies working hours, deliverables, job descriptions, labour protection measures and so on, so that the employees can commence their work in full awareness and consensus. The Company prohibits all forms of forced labour and exploitation of labour and ensures all employees work under voluntary circumstances. Recruitment is also fair and voluntary, prohibiting employee recruitment by any coerced or fraudulent means.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations related to the prevention of child labor and forced labor that would have a significant impact to the Group, such laws and regulations include but are not limited to the Labour Law of the PRC and the Labour Contract Law of the PRC.

OPERATIONAL COMMITMENT

It is important to ensure an efficient and sustainable supply chain so as to promote business growth and maintain a competitive edge. We are committed to providing our customers with the best service and stable power supply, and to creating a better and greener future in collaboration with our supply chain. The Group endeavours to comply with all laws and regulations relating to business operation. During the Reporting Period, there was no case of prosecution against the Group for violation of relevant laws.

Supply Chain Management

Suppliers are one of the important stakeholders in the Group's business value chain, and our relationship with them is close and inseparable. The Group is also fully committed to building a good partnership with our suppliers. To promote the business and cooperation with suppliers, the Group has developed a standard procurement work-flow with flexibility in order to cater different needs in our supply chain. During the Reporting Period, the Group had a total of 60 suppliers for which all of them are from the PRC.

Selection criteria

The Group adopts a comprehensive set of supplier selection criteria. The Company's business department verifies suppliers' legal and regulatory compliance before engaging their services. This step includes verifying their legal entity qualification, rights and legitimacy to undertake the supply contract, the management system including quality assurance, contractual capacity and credit standing. In order to promote social responsibility in the supply chain, the supplier's reputation and track record in environmental management and social responsibility are also considered during the process, to allow the Company to review and control environmental and social risks in the supply chain.

In addition, we monitor and evaluate the quality of products and services provided by our suppliers as well as their business ethics on the basis of quality of deliverables, promptness, after-sales service and other factors, so as to ensure that they comply with the relevant requirements and continue to make improvements.

Bidding standards

To comply with the government regulations, the Company's relevant projects requiring open tendering (such as civil engineering projects, wind turbine orders and such like) are tendered out through commissioned agents. In non-tendering purchases, quotations from at least three suppliers or service providers are requested and evaluated by relevant departments and the management before confirmation of the bid winner and bid opening.

Supply chain sustainability

As a responsible corporate, we work together with our suppliers intending to mitigate environmental and social impacts that induced by business operations. We created a comprehensive assessment system for the sake of assuring social responsibility is adhered to. Also, we verified the suitability of approved suppliers/subcontractors annually in terms of quality of services and products, safety and environmental performance, labour standards and financial status.

Operational Safety

Our primary mission is to provide stable and reliable service. During the course of operation, we strictly abide by various laws and regulations including the Work Safety Law of the PRC and the Special Equipment Safety Law of the PRC as well as relevant regulatory requirements in the places where we operate.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group, such laws and regulations include but are not limited to the Law of the PRC on the Protection of Consumer Rights and Interests, the Product Quality Law of the PRC, the Patent Law of the PRC and the Advertising Law of the PRC.

Quality control

As the Company's electricity power is supplied to the state power grid, its quality conforms to the standards and key indicators formulated by the National Standardisation Technical Committee on Voltages, Current Ratings and Frequencies as well as the following national standards:

- Permissible Deviation of Supply Voltage GB12325–1990
- Permissible Deviation of Frequency for Power Systems GB/T15945–199
- Permissible Three-Phase Voltage Unbalance Factor GB/T15543–199
- Permissible Voltage Fluctuation and Flicker GB12326–1990
- Harmonics in Public Supply Network GB/T14549–1993
- Demands of Temporary and Transient Overvoltage of Electrical Equipment Used in the Power System, Insulation Level of Electrical Equipment, and Overvoltage Protection Methods GB/T18481–2001

Product safety

To ensure that our products meet industry and national safety standards, we conduct product testing in a clear and effective manner. The Company's electric power system incorporates automatic detection functionality and all power supplied meets the standards (namely permissible deviation in supply voltage, permissible deviation of frequency for power systems, permissible three-phase voltage unbalance factor, permissible voltage fluctuation and flicker, harmonics in public supply network, temporary and transient overvoltage). The Company also makes adjustments based on feedback from the power grid to correct serious problem in a timely manner, and provides adjustment reports when necessary so as to ensure that only products meeting the quality and technical requirements can be delivered to customers.

Service quality

Customer satisfaction has always been the key to the success of the Group. We strive to exceed our customers' expectations by improving the performance of all aspects of our business. We have developed the code of practices for employees to improve customer service processes. In order to solicit valuable feedback from customers, we have formulated customer satisfaction survey for customers to provide feedback about our services. Meanwhile, our management team gives advice regarding to customers' feedback and suggestions with a view of evaluating and improving our services. In cases where any quality and safety concerns arise, the Group will then carry out extensive investigations to discover the causes and develop measures to mitigate and prevent the recurrence of defects and incidents.

Information security

In terms of customer's personal data and confidential documents, we properly protect the documents which contain confidential information. The Company continuously improves its information technology infrastructure, provides encryption for all customer information and sets strict authority for access to and use of such information. As customer information represents important and confidential information of the Company, any illegal use thereof is prohibited to ensure the security of customer information. During the Reporting Period, we did not receive any complaint in relation to proven breach of customer privacy or loss of customer information.

Protection of intellectual property rights

We have a strong emphasis on and strive to protect intellectual property rights. To create an environment for a fair competition, the Group has been completely following the standards and practices of the rights. As for the procurement process, all the products the procurement officers purchased are attached with identification label to ensure what they purchase are genuine products.

Corporate Governance

The Group is committed to building a corporate culture of integrity and business ethics. We require our senior management to adhere to professional and ethical standards and must behave in a highly moral, upright and honest manner. We expect employees to be patriotic, law-abiding, sensible, loyal, enterprising, dedicated, self-confident, self-respecting and self-improving.

During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, such laws and regulations include but are not limited to the Criminal Law of the PRC and the Company Law of the PRC.

Corruption-free culture

In order to promote a corporate culture of integrity and anti-corruption, we have established internal code of business ethics as well as to guide our employees and partners with providing rules and guidelines for dealing with gifts, treats, transactions, financial management. We prohibit employees from receiving benefits without permission. All employees shall also professionally abide by the policy formulated by the Group in respect of conflicts of interest, intellectual property, privacy, confidentiality of information, prevention of bribery and corruption, and equal opportunities. In addition, the Company requires its employees to refrain from excessively lavish or frequent hospitality with business partners to avoid deliberate enticement or future demands of inappropriate reciprocation.

Whistleblowing mechanism

In order to resolutely resist the occurrence of incidents such as corruption and fraud, the Group has implemented a Whistleblowing Policy in place. Employees and other stakeholders can report any suspected inappropriate or illegal behaviour to the Group through confidential ways such as mail, email and telephone anonymously. We will conduct serious investigation and follow-up of internal corruption reported case and ensure that the information of the whistleblower is kept confidential in order to protect them against unfair dismissal or victimization, even if the reports are subsequently proved to be unsubstantiated.

GIVING BACK TO SOCIETY

The Group recognises that its responsibility lies not only in direct contribution to the society and economy, but also in its business operations and public welfare projects which bring impact and effects on the entire society. We strive to nurture corporate culture and practice corporate citizenship in daily work life. To fulfil our corporate social responsibility, the Group focuses on inspiring our employees' sense of social responsibility by encouraging them to participate in activities that contribute to the community. We proactively contact community groups which share similar concepts with the Group's corporate responsibility concept, in an effort to understand the needs of the community.

SUMMARY OF PERFORMANCE DATA

Environmental Performance

	Unit	2020
Exhaust gas emissions		
Nitrogen oxides (NOx)	kg	232.60
Sulphur oxides (SOx)	kg	1.18
Particulate matter (PM)	kg	22.29
Wastes		
Hazardous waste	tonnes	2.80
Hazardous waste intensity	tonnes/GWh	0.004
Non-hazardous waste	tonnes	24.00
Non-hazardous waste intensity	tonnes/GWh	0.03
Greenhouse gas emissions		
Scope 1 — Direct GHG emissions	tCO_2e	226.29
Scope 2 — Energy indirect GHG emissions	tCO_2e	1,857.51
Total GHG emissions	tCO_2e	2,083.80
Total GHG emissions intensity	tCO_2e/GWh	2.83
Avoided greenhouse gas by wind power generation		
Power generation	MWh	736,690.00
GHG gas emissions	tCO_2e	632,595.70
Energy use		
Direct energy consumption	MWh	1,179.26
Petrol	MWh	388.23
Diesel	MWh	791.03
Indirect energy consumption	MWh	2,163.16
Purchased electricity	MWh	2,163.16
Total energy consumption	MWh	3,342.42
Total energy consumption intensity	MWh/GWh	4.54

	Unit	2020
Water use		
Water consumption	m^3	7,123.00
Water consumption intensity	m^3/GWh	9.66
Other resources		
Paper consumption	tonnes	0.06

Social Performance

	Unit	2020
Total employees	persons	96
By Age Group		
18–24 years old	persons	1
25–34 years old	persons	49
35–44 years old	persons	43
45–54 years old	persons	3
55–64 years old	persons	0
65 years old or above	persons	0
By Gender		
Male	persons	80
Female	persons	16
By Employment Type		
Full-time	persons	96
Part time	persons	—
By Employment Category		
Senior management	persons	2
Middle management	persons	7
Supervisors	persons	19
General staff	persons	68

	Unit	2020
Employees Turnover		
Total turnover rate	percentage	1.04
By Age Group		
18–24 years old	percentage	—
25–34 years old	percentage	2.04
35–44 years old	percentage	—
45–54 years old	percentage	—
55–64 years old	percentage	—
65 years old or above	percentage	—
By Gender		
Male	percentage	1.25
Female	percentage	—
Health and Safety		
Work-related fatalities	persons	—
Lost days due to work-related injuries	days	—
Training and Development		
Total training hours	hours	4,880
Average training hours by Employment Category		
Senior Management	hours	0
Middle Management	hours	5.71
Supervisor	hours	4.21
General Staff	hours	1.18
Average training hours by Gender		
Male	hours	57.00
Female	hours	4.00

	Unit	2020
Employees trained by Employment Category		
Senior Management	percentage	0
Middle Management	percentage	7
Supervisor	percentage	20
General Staff	percentage	73
Employees trained by Gender		
Male	percentage	93
Female	percentage	7
Number of Suppliers		
Mainland China	suppliers	60
Product Responsibility		
% of product recall due to health and safety reasons	percentage	—
Complaints against products and services	cases	—
Anti-corruption		
Concluded legal cases brought against the issuer or its employees during the Reporting Period	cases	—

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of China Ruifeng Renewable Energy Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 83 to 171, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

1. Interest in an associate

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the interest in an associate on the consolidated statement of financial position of approximately RMBNil as at 31 December 2020, and to the related share of loss of an associate on the consolidated statement of profit or loss of approximately RMB92,803,000 for the year ended 31 December 2020.

2. Amount due from an associate

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of the amount due from an associate included in the prepayments and other receivables on the consolidated statement of financial position of approximately RMBNil as at 31 December 2020, and to the expected credit losses on amount due from an associate on the consolidated statement of profit or loss of approximately RMB29,187,000 for the year ended 31 December 2020.

3. Other receivables

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of certain other receivables included in the prepayments and other receivables on the consolidated statement of financial position of approximately RMB78,423,000 as at 31 December 2020. There are no other satisfactory audit procedures that we could adopt to determine whether the expected credit losses on certain other receivables of approximately RMBNil for the year ended 31 December 2020 are properly recognised.

Any adjustments to the figures as described from points 1 to 3 above might have a consequential effect on the Group's financial performance and cash flows for the year ended 31 December 2020, and on the Group's financial position as at 31 December 2020 and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

i. Property, plant and equipment

Refer to Note 12 to the consolidated financial statements

The Group tested the amount of property, plant and equipment for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment of approximately RMB1,246,848,000 as at 31 December 2020 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

— Assessing the identification of the related cash generating units;

— Assessing the arithmetical accuracy of the value-in-use calculations;

— Comparing the actual cash flows with the cash flow projections;

— Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates);

— Assessing the competence, independence and integrity of the external valuer engaged by client;

— Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and underlying key assumptions applied in the valuation model; and

— Checking input data to supporting evidence.

We consider that the Group's impairment test for property, plant and equipment is supported by the available evidence.

ii. Trade receivables, prepayments and other receivables

Refer to Notes 19 and 20 to the consolidated financial statements

The Group tested the amount of trade receivables, prepayments and other receivables for impairment. These impairment tests are significant to our audit because the balances of trade receivables, prepayments and other receivables of approximately RMB273,735,000 and RMB690,688,000 respectively as at 31 December 2020 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

— Assessing the transaction history with the customers, suppliers and borrowers;

— Evaluating the Group's impairment assessment;

— Assessing ageing of the debts;

— Assessing creditworthiness of the customers, suppliers, borrowers, guarantors and the value of collateral pledged;

— Checking subsequent settlements from the customers and borrowers; and

— Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment tests for trade receivables, prepayments and other receivables are supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the interest in an associate and amount due from an associate and certain other receivables. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Li Chi Hoi
Audit Engagement Director
Practising Certificate Number P07268
Hong Kong, 14 May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	3	**346,401**	361,683
Cost of sales		**(233,788)**	(245,217)
Gross profit		**112,613**	116,466
Interest income		**7,417**	11,959
Other revenue and net income	4	**23,271**	34,703
Administrative expenses		**(82,444)**	(77,988)
Profit from operations		**60,857**	85,140
Finance costs	5(a)	**(140,271)**	(148,580)
Share of (losses)/profits of associates		**(92,803)**	3,330
Share of loss of a joint venture		**(1,660)**	(1,497)
Loss before taxation	5	**(173,877)**	(61,607)
Income tax	6	**(30,096)**	(19,171)
Loss for the year		**(203,973)**	(80,778)
Attributable to:			
Equity shareholders of the Company		**(213,010)**	(103,879)
Non-controlling interests		**9,037**	23,101
Loss for the year		**(203,973)**	(80,778)
Loss per share attributable to the equity shareholders of the Company during the year			
Basic and diluted (RMB)	9	**(0.108)**	(0.058)

The notes on pages 91 to 171 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 *RMB'000*	2019 *RMB'000*
Loss for the year	**(203,973)**	(80,778)
Other comprehensive income/(expense) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the People's Republic of China (the "**PRC**")	**51,736**	(16,138)
Exchange differences reclassified to profit or loss on disposal of a subsidiary	**—**	1,081
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company	**(16,256)**	5,822
Net movement in the fair value change in respect of financial assets at fair value through other comprehensive income	**665**	288
Other comprehensive income/(expense) for the year (net of tax)	**36,145**	(8,947)
Total comprehensive expense for the year	**(167,828)**	(89,725)
Total comprehensive (expense)/income attributable to:		
Equity shareholders of the Company	**(177,058)**	(112,910)
Non-controlling interests	**9,230**	23,185
Total comprehensive expense for the year	**(167,828)**	(89,725)

Details of the dividends for the year are disclosed in note 10 to the consolidated financial statements.

The notes on pages 91 to 171 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	12	**1,246,848**	1,396,118
Right-of-use assets	13	**9,610**	12,595
Interests in associates	15	**—**	92,803
Interest in a joint venture	16	**2,961**	4,621
Financial assets at fair value through other comprehensive income	17	**8,165**	7,500
Financial assets at fair value through profit or loss	18	**5,225**	5,225
Prepayments and other receivables	20	**155,381**	141,981
Deferred tax assets	27	**—**	2,920
		1,428,190	1,663,763
Current assets			
Financial assets at fair value through profit or loss	18	**2,100**	2,692
Inventories		**618**	583
Trade receivables	19	**273,735**	243,620
Prepayments and other receivables	20	**535,307**	538,140
Cash and cash equivalents	21	**858,837**	103,456
		1,670,597	888,491
Current liabilities			
Trade and other payables	22	**207,837**	150,219
Borrowings	23	**835,562**	569,300
Lease liabilities		**—**	2,343
Current taxation		**16,901**	2,588
		1,060,300	724,450
Net current assets		**610,297**	164,041
Total assets less current liabilities		**2,038,487**	1,827,804
Non-current liabilities			
Borrowings	23	**1,386,070**	1,014,646
Deferred tax liabilities	27	**19,194**	22,805
		1,405,264	1,037,451
Net assets		**633,223**	790,353

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Capital and reserves			
Share capital	28	**17,286**	15,677
Reserves		**384,720**	523,965
Total equity attributable to equity shareholders of the Company		**402,006**	539,642
Non-controlling interests		**231,217**	250,711
Total equity		**633,223**	790,353

Approved and authorised for issue by the Board of Directors on 14 May 2021.

Zhang Zhixiang
Director

Ning Zhongzhi
Director

The notes on pages 91 to 171 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Statutory reserves	Translation reserve	Convertible notes/bonds reserve	Fair value 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*
Balance at 1 January 2019	15,677	1,454,336	66,582	(6,320)	50,328	697	(954,950)	626,350	252,169	878,519
Changes in equity for 2019:										
(Loss)/profit for the year	–	–	–	–	–	–	(103,879)	(103,879)	23,101	(80,778)
Other comprehensive (expense)/income	–	–	–	(9,235)	–	204	–	(9,031)	84	(8,947)
Total comprehensive (expense)/income for the year	–	–	–	(9,235)	–	204	(103,879)	(112,910)	23,185	(89,725)
Transfer to statutory reserves	–	–	8,946	–	–	–	(8,946)	–	–	–
Purchases of non-controlling interests	–	–	–	–	–	–	(694)	(694)	(306)	(1,000)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(24,337)	(24,337)
Recognition upon issuance of the convertible bonds	–	–	–	–	16,215	–	–	16,215	–	16,215
Recognition of deferred tax assets relating to issuance of the convertible bonds	–	–	–	–	832	–	–	832	–	832
Redemption of the convertible notes	–	–	–	–	(28,033)	–	28,033	–	–	–
Extinguishment upon extension of the convertible notes	–	–	–	–	(22,295)	–	22,295	–	–	–
Recognition upon extension of the convertible notes	–	–	–	–	11,796	–	–	11,796	–	11,796
Recognition of deferred tax liabilities relating to extension of the convertible notes	–	–	–	–	(1,947)	–	–	(1,947)	–	(1,947)
Extinguishment upon removal of the convertible options of convertible notes	–	–	–	–	(9,849)	–	9,849	–	–	–
Balance at 31 December 2019	15,677	1,454,336	75,528	(15,555)	17,047	901	(1,008,292)	539,642	250,711	790,353

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Translation reserve	Convertible notes/bonds reserve	Fair value reserve	Accumulated losses	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2020	15,677	1,454,336	75,528	(15,555)	17,047	901	(1,008,292)	539,642	250,711	790,353
Changes in equity for 2020:										
(Loss)/profit for the year	–	–	–	–	–	–	(213,010)	(213,010)	9,037	(203,973)
Other comprehensive income	–	–	–	35,480	–	472	–	35,952	193	36,145
Total comprehensive income/(expense) for the year	–	–	–	35,480	–	472	(213,010)	(177,058)	9,230	(167,828)
Transfer to statutory reserves	–	–	9,958	–	–	–	(9,958)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(28,724)	(28,724)
Placing of shares	1,609	37,813	–	–	–	–	–	39,422	–	39,422
Balance at 31 December 2020	17,286	1,492,149	85,486	19,925	17,047	1,373	(1,231,260)	402,006	231,217	633,223

The notes on pages 91 to 171 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
Operating activities		
Loss before taxation	**(173,877)**	(61,607)
Adjustment for:		
Depreciation for property, plant and equipment	**154,846**	156,608
Loss on disposal of property, plant and equipment	**—**	127
Gain on disposal of partial interests in an associate	**—**	(1,594)
Gain on disposal of a subsidiary	**(91)**	(228)
Expected credit losses on amount due from an associate	**29,187**	—
Expected credit losses on loan receivables and other receivables	**18,513**	—
Loss on remeasurement of other receivables to fair value	**—**	18,000
Depreciation of right-of-use assets	**1,955**	3,052
Interest income	**(7,417)**	(11,959)
Share of losses/(profits) of associates	**92,803**	(3,330)
Share of loss of a joint venture	**1,660**	1,497
Loss on early termination of leases	**168**	—
Interest expenses	**140,271**	148,580
Net realised and unrealised losses on financial assets at fair value through profit or loss	**513**	2,026
Share-based payment arising from the issue of convertible notes/bonds	**—**	21,255
Operating cash flows before movements in working capital	**258,531**	272,427
Decrease/(increase) in financial assets at fair value through profit or loss	**79**	(51)
Increase in inventories	**(35)**	(458)
(Increase)/decrease in trade and other receivables	**(74,315)**	8,745
Increase in amount due from non-controlling interest	**(5,000)**	—
Increase in amount due from an associate	**—**	(2,256)
Increase/(decrease) in trade and other payables	**16,293**	(55,184)
Increase/(decrease) in amount due to directors	**4,206**	(3,819)
Cash generated from operations	**199,759**	219,404
PRC Enterprise Income Tax paid	**(16,262)**	(27,081)
Net cash generated from operating activities	**183,497**	192,323

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
Investing activities		
Payments for purchase of property, plant and equipment	**(5,638)**	(11,520)
Proceeds from disposal of partial interests in an associate	**—**	4,861
Payments for acquisition of additional interests in a subsidiary	**—**	(1,000)
Payments for acquisition of joint ventures	**—**	(29,369)
Proceeds from disposal of a subsidiary *(note 29(b))*	**91**	28,042
Cash outflows for acquisition of subsidiaries	**—**	(5,055)
Interest received	**7,417**	11,959
Proceeds from disposal of property, plant and equipment	**—**	18
Increase in loan receivables	**(9,067)**	(106,718)
Net cash used in investing activities	**(7,197)**	(108,782)
Financing activities		
Proceeds from new bank loans and other loans	**1,309,712**	587,467
Repayment of notes payables	**(9,940)**	—
Redemption of convertible notes	**—**	(149,024)
Proceeds from issue of Convertible Bonds	**—**	266,491
Repayments of bank loans and other loans	**(654,225)**	(644,610)
Repayment of bonds	**(893)**	(3,465)
Repayment of lease liabilities	**(1,517)**	(3,197)
Other borrowing costs paid	**(83,591)**	(92,520)
Transaction costs in extension of convertible notes	**—**	(79)
Proceeds from placing of shares	**39,422**	—
Dividends paid to non-controlling interests	**(18,903)**	(10,389)
Net cash generated from/(used in) financing activities	**580,065**	(49,326)
Net increase in cash and cash equivalents	**756,365**	34,215
Cash and cash equivalents at 1 January	**103,456**	62,491
Effect of foreign exchange rate changes	**(984)**	6,750
Cash and cash equivalents at 31 December	**858,837**	103,456
Analysis of cash and cash equivalent		
Cash and bank balances	**858,837**	103,456

The notes on pages 91 to 171 form part of these consolidated financial statements.

1 GENERAL INFORMATION

China Ruifeng Renewable Energy Holdings Limited was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. 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 addresses of the registered office and principal place of business of the Company are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Room 1801, 18/F, Great Eagle Centre, No. 23 Harbour Road, Wanchai, Hong Kong, respectively.

The Company acts as an investment holding company. The Group is principally engaged in wind farm operations.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"), the Company's functional currency is Hong Kong dollars ("**HK$**"). The functional currency of the Group's major subsidiaries is Renminbi ("**RMB**"). The consolidated financial statements are presented in RMB. All financial information in RMB has been rounded to the nearest thousand.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), that are relevant to its operations and effective for its accounting year beginning on 1 January 2020 which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"), Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange ("**Listing Rules**").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries and the Group's interests in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value:

— financial instruments classified as financial assets at fair value through other comprehensive income or as financial assets at fair value through profit or loss (see note 2(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 33.

(c) Adoption of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise HKFRS, HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

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 consolidated financial statements of the Group.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(n), 2(o) or 2(p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Associates and a joint venture

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 2(k)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(g) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

— Financial assets at amortised cost;

— Financial assets at fair value through other comprehensive income; and

— Financial assets at fair value through profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Financial assets *(continued)*

i) *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

ii) *Financial assets at fair value through other comprehensive income*

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the fair value reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the fair value reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

iii) *Financial assets at fair value through profit or loss*

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Loss allowance for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(i) Property, plant and equipment

The following items of property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(l)).

— buildings held for own use which are situated on leasehold land classified as right-of-use assets (see note 2(j)); and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Property, plant and equipment *(continued)*

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

	Useful lives	Residual value
— Buildings	18–25 years	5%
— Generators and related equipment	5–25 years	5%
— Plant and machinery	5–10 years	5% to 10%
— Equipment, furniture and fixtures	3–10 years	5% to 10%
— Motor vehicles	5–8 years	5% to 10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Leases

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses (see note 2(k)). Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	2.5%
Land and buildings	20%–50%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are as-sets of value below US$5,000.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— Right-of-use assets;

— investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— ***Calculation of recoverable amount***

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— ***Recognition of impairment losses***

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Convertible notes/bonds

i) *Convertible notes/bonds that contain an equity component*

Convertible notes/bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes/bonds is measured at fair value based on the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. The equity component is initially recognised at the differences between the fair value of the convertible notes/bonds as a whole and the fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note/bonds is converted or redeemed.

If the note/bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Convertible notes/bonds *(continued)*

ii) Other convertible notes/bonds

Convertible notes/bonds which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes/bonds is measured at fair value and presented as part of derivative financial instruments (see note 2(p)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note/bonds are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(p). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the note/bond is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(n) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(r) Employee benefits

i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are recognised in profit or loss as incurred. Employees of the subsidiaries established in the PRC participate in defined contribution retirement plans managed by the local government authorities whereby the subsidiaries are required to contribute to the plans at fixed rates of the relevant employees' salary costs.

The Group's contributions to these plans are charged to profit or loss when incurred. The Group has no obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Employee benefits *(continued)*

ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options. The total estimated fair value of the options is spread over the vesting period, taking into account the probability that the option will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the capital reserve until either the option is expected (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax *(continued)*

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

(v) Other revenue

i) Interest income

Interest income is recognised as it accrues using the effective interest method.

ii) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Other revenue *(continued)*

iii) Government grants

Subsidies from the relevant PRC government authorities, in the form of return of income tax, value added tax not associating with the purchase of property, plant and equipment and various taxes, as an incentive for the investments in various cities in the PRC are recognised in the consolidated statement of profit or loss when relevant approval has been obtained.

iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations outside the PRC are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statement of financial position are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation outside the PRC, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

A) A person, or a close member of that person's family, is related to the Group if that person:

   i. has control or joint control over the Group;

   ii. has significant influence over the Group; or

   iii. is a member of the key management personnel of the Group or the Group's parent.

B) An entity is related to the Group if any of the following conditions applies:

   i. The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

   vi. The entity is controlled or jointly controlled by a person identified in (A).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Related parties *(continued)*

B) An entity is related to the Group if any of the following conditions applies: *(continued)*

vii. A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's chief executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3 REVENUE

The principal activity of the Group is wind farm operations.

Revenue represents the sales value of electricity generated from the wind farm supplied to a power grid company (net of value-added tax). The amount of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Wind power generation revenue	**256,301**	268,094
Wind power generation subsidies	**94,997**	98,904
Business tax and surcharges	**(4,897)**	(5,315)
Total	**346,401**	361,683

Electricity revenue is recognised over time as the electricity is supplied to the provincial grid companies periodically.

The Group's revenue are mainly wind power electricity sales receivable from local grid companies. Generally, the receivable are due within 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies.

4 OTHER REVENUE AND NET INCOME

	2020	2019
	RMB'000	*RMB'000*
Government subsidy income related to value-added tax refund	**20,314**	27,364
Other government subsidy income	**631**	—
Gain on disposal of partial interests in an associate	**—**	1,594
Gain on disposal of a subsidiary	**91**	228
Loss on disposal of property, plant and equipment	**—**	(127)
Net realised and unrealised loss on financial assets at fair value through profit or loss	**(513)**	(2,026)
Net foreign exchange gains	**1**	808
Rental income from operating leases	**2,363**	2,300
Compensation income	**—**	3,286
Others	**384**	1,276
	23,271	34,703

5 LOSS BEFORE TAXATION

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

		2020	2019
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest expenses on bank loans and other loans	**62,174**	62,685
	Interest expenses on bonds	**15,957**	15,436
	Interest expenses on convertible notes	**—**	39,978
	Interest expenses on convertible bonds	**40,604**	29,398
	Interest expenses on notes payables	**21,501**	810
	Lease interests	**35**	273
	Total interest expenses	**140,271**	148,580
(b)	**Staff costs (including Directors' remuneration):**		
	Contributions to defined contribution retirement plans	**3,472**	4,386
	Salaries, wages and other benefits	**35,680**	38,378
		39,152	42,764
(c)	**Other items:**		
	Loss on remeasurement of other receivables to fair value (included in administrative expenses)	**—**	18,000
	Expected credit losses on amount due from an associate (included in administrative expenses)	**29,187**	—
	Expected credit losses on loan receivables and other receivables (included in administrative expenses)	**18,513**	—
	Depreciation for right-of-use assets	**1,955**	3,052
	Depreciation for property, plant and equipment — owned assets	**154,846**	156,608
	Net foreign exchange gains	**(1)**	(808)
	Auditors' remuneration		
	— audit services	**1,104**	1,078
	— non-audit services	**166**	415
	Loss on disposal of property, plant and equipment	**—**	127
	Share-based payment arising from the issue of convertible notes/bonds	**—**	21,255

6 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2020	2019
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**29,544**	26,461
Over-provision in respect of prior years	**—**	(832)
Withholding tax		
Provision for the year	**1,031**	1,390
Deferred tax		
Origination and reversal of temporary differences (note 27)	**(479)**	(7,848)
	30,096	19,171

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong during the year (2019: 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.

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**").

6 INCOME TAX *(Continued)*

(a) Income tax in the consolidated statement of profit or loss represents: *(Continued)*

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries is 25% in 2020 and 2019.

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.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2020	2019
	RMB'000	*RMB'000*
Loss before taxation	**(173,877)**	(61,607)
National tax on loss before taxation, calculation at the rates applicable to profits in PRC of 25%	**(43,469)**	(15,402)
Difference in tax rate	**17,517**	10,812
Tax effect on share of results of associates and a joint venture	**15,586**	(302)
Tax effect of non-deductible expenses	**30,524**	25,048
Tax effect of non-taxable income	**(1,972)**	(1,600)
Tax effect of tax losses not recognised	**10,879**	1,465
Tax effect of tax concessions in the PRC	**—**	(2,522)
Over-provision in prior years	**—**	(832)
Withholding tax	**1,031**	2,504
Actual tax expense	**30,096**	19,171

7 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2020

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2020 Total *RMB'000*
Executive directors					
Zhang Zhixiang *(Chief Executive Officer)*	—	2,357	660	16	3,033
Ning Zhongzhi	—	783	40	—	823
Li Tian Hai	—	1,071	—	16	1,087
Peng Ziwei	—	643	—	16	659
Independent non-executive directors					
Jiang Senlin	134	—	—	—	134
Qu Weidong	134	—	—	—	134
Hu Xiaolin	134	—	—	—	134
	402	4,854	700	48	6,004

7 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

Year ended 31 December 2019

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2019 Total *RMB'000*
Executive directors					
Zhang Zhixiang					
(Chief Executive Officer)	—	2,304	30	16	2,350
Ning Zhongzhi	—	780	40	—	820
Li Tian Hai	—	1,056	—	16	1,072
Peng Ziwei	—	634	—	16	650
Independent non-executive directors					
Jiang Senlin					
(appointed on 31 January 2019)	121	1	—	—	122
Qu Weidong	132	1	—	—	133
Hu Xiaolin	132	1	—	—	133
Wong Wai Ling					
(resigned on 31 January 2019)	13	—	—	—	13
	398	4,777	70	48	5,293

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2020 (2019: Nil).

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2019: three) were directors of the Company whose emoluments are disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining three (2019: two) individuals are as follows:

	2020	2019
	RMB'000	*RMB'000*
Salaries and other benefits	**3,593**	2,210
Retirement scheme contributions	**167**	140
	3,760	2,350

The emoluments of the three (2019: two) individuals with the highest emolument are within the following bands:

	2020	2019
	Number of Individuals	*Number of Individuals*
HK$		
Nil–1,000,000	**1**	1
1,000,001–1,500,000	**2**	—
1,500,001–2,000,000	**—**	1

During the year, no emolument or incentive payments were paid to the directors, the chief executive and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately RMB213,010,000 (2019: approximately RMB103,879,000).

The weighted average number of approximately 1,978,157,000 ordinary shares (2019: approximately 1,799,141,000 ordinary shares) are in issue during the year.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 December 2020 and 2019 are equal to basic loss per share because (i) there are no dilutive potential ordinary shares for the Company's outstanding options; and (ii) the impact of the convertible bonds outstanding has an anti-dilutive effect on the basic loss per share amounts presented.

10 DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2020 (2019: Nil).

11 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segment. No operating segments have been aggregated to form the following reportable segment.

For the years ended 31 December 2020 and 2019, the Group has one segment of using wind turbine blades to generate electricity power in the PRC.

11 SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources, the Group's chief executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of certain interests in associates and a joint venture. Segment liabilities include trade and other payables and income tax payable attributable to the individual segments and borrowings managed directly by the segment.

Revenue and expenses are allocated to the reportable segment with reference to sales generated by this segment and the expenses incurred by this segment or which otherwise arise from the depreciation or amortisation of assets attributable to this segment.

The measure used for reporting segment profit is "adjusted EBT" i.e. "adjusted earnings before taxes". To arrive at adjusted EBT, the Group's earnings are further adjusted for items not specifically attributed to the individual segment, such as share of (losses)/profits of associates, share of loss of a joint venture, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBT, management is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segment, depreciation, amortisation, impairment losses and additions to non-current segment assets used by the segment in its operations.

Information regarding the Group's reportable segment as provided to the Group's chief executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

11 SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

For the year ended 31 December 2020:

	Wind farm Operations *RMB'000*	**Un-allocated** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**346,401**	—	**346,401**
Reportable segment profit/(loss)	**68,944**	**(89,193)**	**(20,249)**
Central administrative costs	—	**(67,004)**	**(67,004)**
Central finance costs	—	**(86,624)**	**(86,624)**
Loss before taxation			**(173,877)**
Income tax			**(30,096)**
Loss for the year			**(203,973)**

For the year ended 31 December 2019:

	Wind farm Operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Reportable segment revenue	361,683	—	361,683
Reportable segment profit	76,350	10,116	86,466
Central administrative costs	—	(45,916)	(45,916)
Central finance costs	—	(102,157)	(102,157)
Loss before taxation			(61,607)
Income tax			(19,171)
Loss for the year			(80,778)

11 SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

Other segment items included in the consolidated statement of profit or loss are as follows:

For the year ended 31 December 2020:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Depreciation for the year	(155,135)	(1,666)	(156,801)
Expected credit losses on amount due from an associate	—	(29,187)	(29,187)
Expected credit losses on loan receivables and other receivables	(2,075)	(16,438)	(18,513)
Interest income	3,767	3,650	7,417
Share of loss of a joint venture	—	(1,660)	(1,660)
Share of loss of an associate	—	(92,803)	(92,803)
Additions to non-current segment assets during the year	5,501	75	5,576

As at 31 December 2020:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Assets	2,835,187	260,639	3,095,826
Associate	—	—	—
Joint venture	—	2,961	2,961
Reportable segment assets	2,835,187	263,600	3,098,787
Reportable segment liabilities	(1,669,746)	(795,818)	(2,465,564)

11 SEGMENT REPORTING *(Continued)*

(a) Segment results, assets and liabilities *(Continued)*

Other segment items included in the consolidated statement of profit or loss are as follows:

For the year ended 31 December 2019:

	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Depreciation for the year	(157,190)	(2,470)	(159,660)
Loss on remeasurement of other receivables to fair value	(18,000)	—	(18,000)
Interest income	4,987	6,972	11,959
Share of loss of a joint venture	—	(1,497)	(1,497)
Share of profits less losses of associates	—	3,330	3,330
Additions to non-current segment assets during the year	51,504	16	51,520
As at 31 December 2019:			
Assets	2,164,862	289,968	2,454,830
Associates	—	92,803	92,803
Joint venture	—	4,621	4,621
Reportable segment assets	2,164,862	387,392	2,552,254
Reportable segment liabilities	(961,248)	(800,653)	(1,761,901)

(b) Geographic information

In determining the Group's geographical segments, revenues and results are attributed to the segment based on the location of the customers, and assets are attributed to the segments based on the location of the assets. The Group's major operations and markets are located in the PRC, no further geographic segment information is provided.

(c) Information about a major customer

For the year ended 31 December 2020, revenue of approximately RMB346,401,000 (2019: approximately RMB361,683,000) was made to a single customer attributable to the wind farm operation segment comprising 100% (2019: 100%) of the total revenue of the Group.

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generators and related equipment	Plant and machinery	Equipment, furniture and fixtures	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2019	52,180	2,311,790	5,125	11,546	3,751	47,249	2,431,641
Additions	—	—	—	147	53	51,320	51,520
Exchange realignment	—	—	—	20	8	—	28
Disposals	—	—	—	—	(161)	—	(161)
At 31 December 2019 and 1 January 2020	52,180	2,311,790	5,125	11,713	3,651	98,569	2,483,028
Additions	—	4,867	—	646	63	—	5,576
Exchange realignment	—	—	—	(66)	(27)	—	(93)
At 31 December 2020	52,180	2,316,657	5,125	12,293	3,687	98,569	2,488,511
Accumulated depreciation and impairment:							
At 1 January 2019	15,392	901,939	4,598	6,350	2,012	—	930,291
Charge for the year	2,555	152,726	217	841	269	—	156,608
Exchange realignment	—	—	—	19	8	—	27
Written back on disposals	—	—	—	—	(16)	—	(16)
At 31 December 2019 and 1 January 2020	17,947	1,054,665	4,815	7,210	2,273	—	1,086,910
Charge for the year	2,555	151,119	21	805	346	—	154,846
Exchange realignment	—	—	—	(66)	(27)	—	(93)
At 31 December 2020	20,502	1,205,784	4,836	7,949	2,592	—	1,241,663
Net book value:							
At 31 December 2020	**31,678**	**1,110,873**	**289**	**4,344**	**1,095**	**98,569**	**1,246,848**
At 31 December 2019	34,233	1,257,125	310	4,503	1,378	98,569	1,396,118

As at 31 December 2020, the Group has pledged its certain property, plant and equipment with carrying values of approximately RMB1,043,926,000 (2019: approximately RMB271,713,000) to secure its bank and other loans (notes 23(b)(iv) and 24).

The Group's buildings are held for own use and are located in the PRC.

13 LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2020	2019
	RMB'000	*RMB'000*
As at 31 December:		
Right-of-use assets		
— Land use rights	**9,610**	10,008
— Land and buildings	**—**	2,587
	9,610	12,595
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
— Less than 1 year	**—**	2,440
Year ended 31 December:		
Depreciation of right-of-use assets		
— Land use rights	**398**	398
— Land and buildings	**1,557**	2,654
	1,955	3,052
Lease interests	**35**	273
Expenses related to short-term leases	**260**	297
Additions to right-of-use assets	**694**	—
Loss relating to termination of leases	**168**	—
Total cash outflow for leases	**1,777**	3,494

The Group leases various land use rights and land and buildings. Lease agreements are typically made for fixed periods of 40 years and 2 to 5 years respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

As 31 December 2020, the Group did not pledge its land use rights (2019: a carrying value of approximately RMB1,916,000 was pledged to secure its bank loans) (note 24).

14 INVESTMENTS IN SUBSIDIARIES

Details of subsidiaries at 31 December 2020 are as follows. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/registered capital	Proportion of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
City Alliance Management Limited	BVI	HK	Ordinary share US$1	100%	—	Investment holding
Power Full Group Holdings Limited 富力集團控股有限公司	BVI	HK	Ordinary shares US$2	100%	—	Investment holding
Ferson Limited 緯建有限公司	HK	HK	Ordinary share HK$1	—	100%	Management and administration services
Conway Holdings Limited 康威集團有限公司	HK	HK	Ordinary share HK$1	—	100%	Investment holding
Beijing Chengrui Xianghai Renewable Energy Technology Co., Ltd.[1] 北京承瑞翔海新能源科技有限公司	PRC	PRC	Registered capital RMB100,000	—	100%	Investment holding
Chengde Ruifeng Renewable Energy Windpower Equipment Co. Ltd.[2^] 承德瑞風新能源風電設備有限公司	PRC	PRC	Registered capital RMB30,000,000	—	100%	Production of wind turbine blades and components
Chengde Beichen High New Technology Co., Ltd.[2^] 承德北辰高新科技有限公司	PRC	PRC	Registered capital RMB46,900,000	—	100%	Investment holding
Leading Win Resources Limited 領達資源有限公司	BVI	HK	Ordinary share US$1	100%	—	Investment holding
Fortune View Alliance Limited	BVI	HK	Ordinary share US$1	100%	—	Investment holding
On Win Corporation Limited 進盈有限公司[^]	HK	HK	Ordinary share HK$1	—	100%	Investment holding
Hebei Hongsong Renewable Energy Investment Co., Ltd.[2^] 河北紅松新能源投資有限公司	PRC	PRC	Registered capital RMB171,720,000	—	79.06%	Investment holding

14 INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/registered capital	Proportion of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Hebei Hongsong Wind Power Co., Ltd.[3^] 河北紅松風力發電股份有限公司	PRC	PRC	Registered capital RMB651,947,000	—	86.55%	Wind farm operation
Chengde Hongsong Yun Wei Electrical and Equipment Installation Co., Ltd[2] 承德紅松運維機電設備安裝有限公司	PRC	PRC	Registered capital RMB3,000,000	—	79.06%	Electrical and mechanical equipment maintenance
Hong Song Holdings Limited	BVI	HK	Ordinary share US$1	100%	—	Investment holding
Sino Renewable Energy Holdings Company Limited	BVI	HK	Ordinary share US$1	100%	—	Investment holding
Redwood Group Limited 紅松集團有限公司	HK	HK	Ordinary share HK$1	—	100%	Investment holding
Asia Renewable Energy Company Limited 亞洲新生能源有限公司	HK	HK	Ordinary share HK$1	—	100%	Investment holding
World Business Limited 環宇國际商務有限公司	HK	HK	Ordinary shares HK$10,000	—	100%	Investment holding
Zhuhai Dong Fang Renewable Energy Limited[1] 珠海東方新生能源有限公司	PRC	PRC	Registered capital RMB100,000	—	100%	Investment holding
承德紅松風力發電資詢服務有限公司[2]	PRC	PRC	Registered capital US$20,000	—	100%	Investment holding
承德紅松新能源技術服務有限公司[1]	PRC	PRC	Registered capital RMB30,000	—	100%	Investment holding
Tycoon Gold Limited 享金有限公司	BVI	HK	Ordinary share US$1	100%	—	Inactive
北京銀風滙利投資有限公司[2]	PRC	PRC	Registered capital RMB147,000,000	—	100%	Investment holding

14 INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/registered capital	Proportion of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
包頭市銀風滙利新能源投資有限公司[2]	PRC	PRC	Registered capital RMB123,000,000	—	100%	Wind farm operation
北京紅松創投科技發展有限公司[2]	PRC	PRC	Registered capital RMB7,000,000	—	100%	Investment holding
Leading Win Credit Limited 領達信貸有限公司	HK	HK	Registered capital HK$10,000	—	100%	Money lending business
紅松河北生物科技股份有限公司[2]	PRC	PRC	Registered capital RMB5,000,000	—	100%	Production of healthy products

1 wholly-owned foreign enterprise

2 private limited liability company

3 sino-foreign equity joint venture company

^ At 31 December 2020 and 2019, the issued shares/registered capital of these companies were pledged under shares charges to secured certain bank and other loans of the Group (notes 23 and 24)

14 INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table lists out the information relating to Hongsong, a subsidiary of the Group which has a material non-controlling interests ("**NCI**"). The summarised financial information for the years ended 31 December 2020 and 2019 presented below represents the post-acquisition amounts before any inter-company elimination:

	At 31 December 2020	At 31 December 2019
Proportion of registered capital held by the Group	**86.55%**	86.55%
Proportion of ownership interests held by the Group	**70.97%**	70.97%
Proportion of registered capital held by NCI	**13.45%**	13.45%
Proportion of ownership interests held by NCI	**29.03%**	29.03%

	2020 *RMB'000*	2019 *RMB'000*
Current assets	**1,480,662**	571,764
Non-current assets	**1,190,263**	1,323,781
Current liabilities	**(350,171)**	(295,286)
Non-current liabilities	**(1,309,810)**	(591,569)
Net assets	**1,010,944**	1,008,690
Carrying amount of NCI	**268,332**	267,678
Revenue	**346,401**	361,683
Profit for the year	**79,821**	80,236
Total comprehensive income	**80,486**	80,524
Total comprehensive income allocated to NCI	**23,368**	23,379
Dividend paid to NCI	**(22,714)**	(24,337)
Cash flows generated from operating activities	**150,270**	92,679
Cash flows generated from investing activities	**20,985**	273
Cash flows generated from/(used in) financing activities	**590,279**	(54,125)

15 INTERESTS IN ASSOCIATES

	2020	2019
	RMB'000	*RMB'000*
Unlisted investments:		
Share of net assets	—	87,756
Goodwill	—	5,047
	—	92,803

The following table shows information of associate that are material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

Name	Shenzhen Qianhai Jiefeng Financing and Leasing Limited
Principal place of business	PRC
Principal activities	Financial leasing, purchase of leased assets, lease advisory and guarantees

15 INTERESTS IN ASSOCIATES *(continued)*

	2020	2019
% of ownership interests	**45.13%**	45.13%
% of voting rights held by the Group	**49.00%**	49.00%

	2020	2019
	RMB'000	*RMB'000*
At 31 December:		
Non-current assets	**—**	66,680
Current assets	**1,012**	178,342
Non-current liabilities	**—**	—
Current liabilities	**(55,618)**	(50,569)
Net (liabilities)/assets	**(54,606)**	194,453
Group's share of carrying amount of interests	**—**	87,756
Year ended 31 December:		
Revenue	**—**	14,918
(Loss)/profit from continuing operations	**(249,060)**	9,994
Other comprehensive income	**—**	—
Total comprehensive (expense)/income	**(249,060)**	9,994
Dividends received from associates	**—**	—

16 INTEREST IN A JOINT VENTURE

	2020	2019
	RMB'000	*RMB'000*
Unlisted investments:		
Share of net assets	**2,961**	4,621

The following table shows, the Group's share of the amounts of individually immaterial joint venture that are accounted for using the equity method.

	2020	2019
	RMB'000	*RMB'000*
At 31 December:		
Carrying amounts of interests	**2,974**	4,818
Year ended 31 December:		
Loss from continuing operations	**(1,660)**	(1,497)
Other comprehensive expense	**—**	—
Total comprehensive expense	**(1,660)**	(1,497)

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	RMB'000	*RMB'000*
Unlisted equity securities, at fair value	**8,165**	7,500

This represents the Group's investments in unlisted equity securities of PRC companies.

Investments in unlisted equity securities are held for an identified long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

Note:

(i) Included in unlisted equity securities represent 13% interests in an investee engaged in solar farm operations in PRC of RMB8,165,000 (2019: RMB7,500,000).

An increase in fair value of the unlisted equity securities of approximately RMB665,000 (2019: increase in fair value of approximately RMB288,000) was recognised in other comprehensive income under fair value reserve.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	RMB'000	*RMB'000*
Equity securities, at fair value		
— Listed in PRC	**715**	914
— Listed in HK	**1,385**	1,778
	2,100	2,692
— Unlisted in Cayman Islands	**5,225**	5,225
	7,325	7,917

	2020	2019
	RMB'000	*RMB'000*
Analysed as:		
Current assets	**2,100**	2,692
Non-current assets	**5,225**	5,225
	7,325	7,917

19 TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables *(note (i))*	**275,765**	245,650
Less: allowance for expected credit losses	**(2,030)**	(2,030)
	273,735	243,620

Note:

(i) As at 31 December 2020, the Group has pledged certain of its trade receivables with carrying values of approximately RMB273,718,000 (2019: approximately RMB243,620,000) to secure its bank and other loans.

19 TRADE RECEIVABLES *(Continued)*

(a) Ageing analysis

Trade receivables are net of allowance for expected credit losses of approximately RMB2,030,000 (2019: approximately RMB2,030,000) with the following ageing analysis as of the end of the reporting period:

	2020	2019
	RMB'000	*RMB'000*
Within three months	**81,213**	81,841
More than three months but within one year	**67,709**	75,623
More than one year	**124,813**	86,156
	273,735	243,620

The Group's trade receivables are mainly wind power electricity sales receivable from local grid companies. Generally, the receivable are due within 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relative long time for settlement.

(b) Impairment of trade receivables

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.

The movement in the allowance for expected credit losses during the year is as follow:

	2020	2019
	RMB'000	*RMB'000*
At 1 January	**2,030**	2,030
Impairment loss recognised	**—**	—
At 31 December	**2,030**	2,030

At 31 December 2020, trade receivables of the Group amounting to approximately RMB2,030,000 (2019: 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 the end of the reporting period or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

19 TRADE RECEIVABLES *(Continued)*

(c) Expected credit losses

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivable. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Within 90 days past due	Within 91–270 days past due	Over 270 days past due	Total
At 31 December 2020					
Weighted average expected loss rate	**0%**	**0%**	**0%**	**2%**	
Receivable amount (RMB'000)	**81,213**	**12,124**	**55,585**	**126,843**	**275,765**
Loss allowance (RMB'000)	**—**	**—**	**—**	**(2,030)**	**(2,030)**
	81,213	**12,124**	**55,585**	**124,813**	**273,735**
At 31 December 2019					
Weighted average expected loss rate	0%	0%	0%	2%	
Receivable amount (RMB'000)	81,841	11,608	64,015	88,186	245,650
Loss allowance (RMB'000)	—	—	—	(2,030)	(2,030)
	81,841	11,608	64,015	86,156	243,620

The directors of the Company are of the opinion that the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the grid companies in the past and the tariff premium is funded by the PRC government authorities.

20 PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Other receivables	**347,057**	288,758
Less: allowance for expected credit losses *(note (v))*	**(17,853)**	(8,274)
	329,204	280,484
Loan receivables *(note (iii))*	**243,642**	226,155
Less: allowance for expected credit losses	**(17,420)**	(9,000)
	226,222	217,155
Amount due from an associate	**29,187**	29,189
Less: allowance for expected credit losses *(note (i))*	**(29,187)**	—
	—	29,189
Amount due from non-controlling interest *(note (ii))*	**7,498**	2,498
Loan and receivables	**562,924**	529,326
Deposit for loans *(note (iv))*	**16,000**	22,220
Prepayments and other deposits	**111,764**	128,575
	690,688	680,121
Less: Non-current portion of — Prepayments for acquisition of property, plant and equipment and other long-term receivables	**(155,381)**	(141,981)
Total current portion of prepayments and other receivables	**535,307**	538,140

Notes:

(i) As at 31 December 2020, amount due from an associate of approximately RMB29,187,000 (2019: Nil) were determined to be fully impaired. The fully impaired receivables related to an associate that were in financial difficulties and management assessed that no receivables is expected to be recovered.

(ii) As at 31 December 2020 and 2019, the amount due from non-controlling interest was unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2020 and 2019, the loan receivables from independent third parties were unsecured, guaranteed by business partners of those independent third parties, bore interest at rates ranging from 5%–18% (2019: 5%–18%) per annum and repayable within one year.

(iv) As at 31 December 2020 and 2019, the Group has pledged certain of its deposits with carrying values of RMB16,000,000 (2019: RMB22,220,000) to secure its other loans (Note 23(b)(iv)).

(v) As at 31 December 2020, other receivables of approximately RMB17,853,000 (2019: approximately RMB8,274,000) were individually determined to be impaired. The individually impaired receivables related to debtors that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for expected credit losses of approximately RMB17,853,000 (2019: approximately RMB8,274,000) were recognised.

21 CASH AND CASH EQUIVALENTS

As at 31 December 2020, the bank and cash balances of the Group amounted to approximately RMB858,837,000, comprised of approximately RMB858,436,000 and HK$476,000 (2019: approximately RMB103,456,000, comprised of approximately RMB102,112,000, US$4,000 and HK$1,468,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

22 TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**2,259**	4,032
Interest payables	**47,784**	20,424
Accrual and other payables	**66,572**	47,332
Payables on acquisition of property, plant and equipment	**11,900**	11,962
Payables on acquisition of a subsidiary and a joint venture *(note (i))*	**22,093**	22,093
Other tax payables	**6,006**	7,180
Amounts due to directors *(note (ii))*	**4,519**	313
Amounts due to non-controlling interests *(note (ii))*	**46,704**	36,883
	207,837	150,219

Notes:

(i) As at 31 December 2020, the balance mainly included the outstanding payable to the vendors for the acquisition of equity interest in Hebei Hongsong Renewable Energy Investment Co., Ltd.

(ii) As at 31 December 2020 and 2019, the amounts were unsecured, interest-free and repayable on demand.

Included in trade payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	2020	2019
	RMB'000	*RMB'000*
Within three months	**1,356**	3,851
More than three months but within one year	**555**	77
More than one year	**348**	104
	2,259	4,032

23 BORROWINGS

(a) The analysis of the carrying amount of borrowings is as follows:

	2020	2019
	RMB'000	*RMB'000*
Bank loans *(note 24)*	**210,000**	492,331
Bonds *(note (b)(i))*	**144,136**	149,498
Convertible bonds *(note (b)(iii))*	**297,365**	297,498
Notes payables *(note (b)(ii))*	**135,394**	154,217
Other loans *(note (b)(iv))*	**1,434,737**	490,402
	2,221,632	1,583,946
Analysis as:		
Current	**835,562**	569,300
Non-current	**1,386,070**	1,014,646
	2,221,632	1,583,946

(b) Significant terms and repayment schedule of non-bank borrowings:

(i) Bonds issued since July 2014

As at 31 December 2020, the Company had issued unsecured bonds in an aggregated principal amount of approximately HK$176,236,000 (2019: approximately HK$177,236,000) with maturity in three to seven years (2019: two to seven years). The bonds carry fixed interest rate at 7%–7.5% (2019: 6%–7%) per annum ("**p.a.**") and interest is payable in arrears yearly. As at 31 December 2020, the bonds are classified as current liabilities of approximately RMB52,106,000 (2019: approximately RMB14,750,000) and non-current liabilities of approximately RMB92,030,000 (2019: approximately RMB134,748,000).

23 BORROWINGS *(continued)*

(b) Significant terms and repayment schedule of non-bank borrowings: *(continued)*

(ii) Notes Payables

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

During the year ended 31 December 2020, the notes payables with principal amount of HK$10,800,000 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.

(iii) Convertible Bonds

On 31 December 2018, the Company, Filled Converge (a company wholly-owned by Mr. Zhang, an executive director of the Company) and 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 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 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 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 Convertible Bonds will be made at par value of the 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 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 Convertible Bonds as a whole has been ascertained by an independent valuer Chung Hin Appraisal Limited.

23 BORROWINGS *(continued)*

(b) Significant terms and repayment schedule of non-bank borrowings: *(continued)*

(iii) Convertible Bonds (continued)

Interest expenses on the Convertible Bonds were calculated using the effective interest method by applying the effective interest rate of approximately 14.04% p.a. to the respective liability component.

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
At 1 January 2019	—	—	—
Issued during the year	271,531	16,215	287,746
Interest expenses *(note 5(a))*	29,398	—	29,398
Settlement of interests	(16,891)	—	(16,891)
Recognition of deferred tax assets in respect of issuance of the Convertible Bonds	—	832	832
Exchange realignment	13,460	—	13,460
At 31 December 2019 and 1 January 2020	**297,498**	**17,047**	**314,545**
Interest expenses *(note 5(a))*	**40,604**	**—**	**40,604**
Settlement of interests	**(22,279)**	**—**	**(22,279)**
Exchange realignment	**(18,458)**	**—**	**(18,458)**
At 31 December 2020	**297,365**	**17,047**	**314,412**

23 BORROWINGS *(continued)*

(b) Significant terms and repayment schedule of non-bank borrowings: *(continued)*

(iv) Other loans

As 31 December 2020 and 2019, the other loans were repayable as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year or on demand	**290,697**	290,002
After 1 year but within 2 years	**122,140**	96,800
After 2 years but within 5 years	**390,940**	103,600
After 5 years	**630,960**	—
	1,434,737	490,402

As 31 December 2020 and 2019, the other loans were secured and/or guaranteed as follows:

	2020	2019
	RMB'000	*RMB'000*
Secured *(note)*	**1,360,227**	392,859
Guaranteed *(note)*	**58,000**	64,000
Unsecured	**16,510**	33,543
	1,434,737	490,402

23 BORROWINGS *(continued)*

(b) Significant terms and repayment schedule of non-bank borrowings: *(continued)*

(iv) Other loans (continued)

Notes:

Secured loans included loans amounted to RMB1,260,000,000 in connection with the sales and leaseback transactions by the Company which constitutes a very substantial disposal of the Company under the Listing Rules, of which loan periods ranged from 5 to 13 years. Further details are set out in the announcements of the Company dated 29 November 2019, 23 December 2019 and 28 December 2020.

At 31 December 2020, the Group's secured/guaranteed other loans were secured/guaranteed by the following:

— the Group's certain property, plant and equipment with carrying values of approximately RMB1,043,926,000 (2019: approximately RMB260,506,000);

— the Group's certain deposits with carrying values of approximately RMB16,000,000 (2019: approximately RMB22,220,000);

— the Group's certain trade receivables with carrying values of approximately RMB273,718,000 (2019: RMB243,620,000);

— guarantee provided by Mr. Li Baosheng, a former executive director of the Company;

— charges over the paid registered capital of certain subsidiaries of the Company;

— personal guarantees provided by Mr. Zhang and his wife to the extent of the indebtedness of certain other loans; and

— Guarantee provided by the Company to the extent of the indebtedness of certain other loans.

The average effective interest rate on secured other loans approximated 6.10% (2019: approximated 7.87%) p.a..

At 31 December 2020, except for the other loans of approximately RMB Nil (2019: RMB33,543,000) which is denominated in HK$ and RMB8,511,000 (2019: RMB Nil) which is denominated in US$, all other loans are denominated in RMB.

24 BANK LOANS

At 31 December 2020 and 2019, the bank loans were repayable as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 year or on demand	**60,000**	110,331
After 1 year but within 2 years	**30,000**	53,000
After 2 years but within 5 years	**120,000**	209,000
More than 5 years	**—**	120,000
	210,000	492,331

As 31 December 2020 and 2019, the bank loans were secured and guaranteed as follows:

	2020	2019
	RMB'000	*RMB'000*
Bank loans		
— secured *(note (a))*	**210,000**	492,331

Notes:

(a) At 31 December 2020, the Group's secured bank loans were secured by the following:

— the Group's certain property, plant and equipment with carrying values of approximately RMB Nil (2019: approximately RMB11,207,000);

— the Group's certain right-of-use assets with carrying values of approximately RMB Nil (2019: approximately RMB1,916,000);

— the Group's certain trade receivables with carrying values of approximately RMB273,718,000 (2019: approximately RMB243,620,000);

— guarantee provided by a related company of which Mr. Li Baosheng, a former executive director of the Company, is the beneficial owner of that company;

— personal guarantees provided by Mr. Zhang and his wife to the extent of the indebtedness of certain bank loans.

The average effective interest rate on secured bank loans approximated 5.39% (2019: approximated 5.90%) p.a..

(b) At 31 December 2020 and 2019, all bank loans are denominated in RMB.

25 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the local municipal government. The subsidiaries are required to contribute certain percentage of the payroll costs to the central pension schemes. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

The total expenses recognised in the consolidated statement of profit or loss for the year of approximately RMB3,472,000 (2019: approximately RMB4,386,000) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

26 SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 1 June 2015.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participant as incentives or rewards for their contributions to the Group. All full time or part time employees, directors, consultants, advisers, substantial shareholders, distributors, contractors, suppliers, agents, customers, business partners or service providers of any member of the Group, to be determined absolutely by the board are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which Share Option Scheme is adopted.

The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the shares of the Company in issue at the date of approval of the Share Option Scheme ("**General Scheme Limit**"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares issued and to be issued upon exercise of the share option granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding share option) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Any grant of options under the Share Option Scheme and any other share option scheme adopted by the Group to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5,000,000, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

26 SHARE OPTION SCHEME *(continued)*

An offer for the grant of options shall remain open for acceptance for a period of 7 days from the date of offer. An offer shall be deemed to have been accepted and an option to which the offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the board may from time to time determine signifying acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within 28 days from the date of offer. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provision of early termination thereof.

The subscription price of a share under the Share Option Scheme will be a price solely determined by the board and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option. And each option gives the holder the right to subscribe for one share of the Company.

No option has been granted under the Share Option Scheme during the years ended 31 December 2020 and 2019.

As at 31 December 2020 and 2019, no option were outstanding.

As at the date of this report, the total number of outstanding options available for grant under the Share Option Scheme was 14,080 (2019: 179,914,080) shares, which represented approximately 0.001% (2019: approximately 9%) of the shares of the Company in issue as at that date.

27 DEFERRED TAXATION

i. Movement of each component of deferred tax assets/(liabilities)

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of property	Convertible notes/bonds	Withholding tax on future dividend income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax arising from:				
At 1 January 2019	(22,568)	(1,602)	(1,921)	(26,091)
Charged to reserves	—	(1,115)	—	(1,115)
Credited/(charged) to profit or loss	3,399	5,563	(1,114)	7,848
Exchange realignment	—	74	(601)	(527)
At 31 December 2019 and at 1 January 2020	(19,169)	2,920	(3,636)	(19,885)
Credited/(charged) to profit or loss	3,399	(2,920)	—	479
Exchange realignment	—	—	212	212
At 31 December 2020	**(15,770)**	**—**	**(3,424)**	**(19,194)**

ii. Reconciliation to the consolidated statement of financial position

	2020	2019
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**—**	2,920
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(19,194)**	(22,805)
	(19,194)	(19,885)

27 DEFERRED TAXATION *(continued)*

iii. Deferred tax assets not recognised

At the end of the reporting period, the Group has unused tax losses of approximately RMB51,635,000 (2019: approximately RMB13,229,000) available for offset against future profits that may be carried forward five years after they are incurred. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictably of future profits streams.

iv. Deferred tax liabilities not recognised

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

At 31 December 2020, deferred tax liabilities of approximately RMB3,424,000 (2019: approximately RMB3,636,000) have been provided for in the consolidated financial statements in respect of the temporary differences attributable to the undistributed profits of a PRC subsidiary and an associate.

At 31 December 2020, deferred tax liabilities of approximately RMB11,397,000 (2019: approximately RMB8,408,000) have not been provided for in the consolidated financial statements in respect of the temporary difference attributable to the undistributed profits of other PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

28 CAPITAL AND RESERVES

(a) Movements in reserve

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

	Share premium	Translation reserve	Convertible notes/bonds reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019	1,454,336	7,938	50,328	(957,619)	554,983
Loss for the year	—	—	—	(116,206)	(116,206)
Other comprehensive income	—	5,822	—	—	5,822
Total comprehensive income/(expense) for the year	—	5,822	—	(116,206)	(110,384)
Recognition upon issuance of the convertible bonds	—	—	16,215	—	16,215
Recognition of deferred tax assets in respect of issuance of the convertible bonds	—	—	832	—	832
Redemption of the convertible notes	—	—	(28,033)	28,033	—
Extinguishment upon extension of the convertible notes	—	—	(22,295)	22,295	—
Recognition upon extension of the convertible notes	—	—	11,796	—	11,796
Recognition of deferred tax liabilities in respect of extension of the convertible notes	—	—	(1,947)	—	(1,947)
Extinguishment upon removal of the convertible options of convertible notes	—	—	(9,849)	9,849	—
At 31 December 2019 and 1 January 2020	**1,454,336**	**13,760**	**17,047**	**(1,013,648)**	**471,495**
Loss for the year	—	—	—	(104,732)	(104,732)
Other comprehensive expense	—	(16,256)	—	—	(16,256)
Total comprehensive expense for the year	—	(16,256)	—	(104,732)	(120,988)
Placing of shares	37,813	—	—	—	37,813
At 31 December 2020	**1,492,149**	**(2,496)**	**17,047**	**(1,118,380)**	**388,320**

28 CAPITAL AND RESERVES *(continued)*

(b) Share capital

	2020 No. of shares	**2020** Amount	2019 No. of shares	2019 Amount
	'000	***RMB'000***	*'000*	*RMB'000*
Authorised:				
Ordinary shares of HK$0.01	**10,000,000**	**87,912**	10,000,000	87,912
Ordinary shares, issued and fully paid:				
At 1 January	**1,799,141**	**15,677**	1,799,141	15,677
Placing of shares *(note)*	**180,000**	**1,609**	—	—
At 31 December	**1,979,141**	**17,286**	1,799,141	15,677

Note:

On 4 December 2019, the Company entered into a placing agreement with a sole placing agent in respect of the placement of 180,000,000 ordinary shares of HK$0.01 each to independent investors at a placing price of HK$0.25 per share. The placement was completed on 3 January 2020 and the premium on the issue of ordinary shares, amounting to approximately HK$42,297,000 (equivalent to RMB37,813,000), net of share issue expenses of HK$903,000 (equivalent to RMB808,000), was credited to the Company's share premium account.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The Companies Law of the Cayman Islands, permits, subject to a solvency test and the provision, if any, of the Company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account.

28 CAPITAL AND RESERVES *(continued)*

(c) Nature and purpose of reserves *(continued)*

(ii) Capital reserve

(a) Share-based payment reserve

The share-based payment reserve comprises the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(r)(ii).

(b) Convertible notes/bonds reserve

The convertible notes/bonds reserve comprises the amount allocated to the unexercised equity component of convertible notes/bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible notes/bonds in note 2(m).

(iii) Statutory reserves

As stipulated by the relevant PRC laws and regulations, the PRC subsidiaries shall set aside 10% of their net profit after taxation for the PRC statutory reserves (except where the reserve balance has reached 50% of the paid-up capital of the respective enterprises). The reserve can only be utilised, upon approval by the board of directors of respective enterprises and by relevant authority, to offset accumulated losses or increase registered capital, provide that the balance after such issue is not less than 25% of its registered capital.

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC. The reserve is dealt with in accordance with the accounting policy set out in note 2(w).

(v) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting polices in note 2(g).

28 CAPITAL AND RESERVES *(continued)*

(d) Distributability of reserves

As at 31 December 2020, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately RMB373,769,000 (2019: approximately RMB440,688,000).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management regularly reviews and manages the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. During the year ended 31 December 2020, the Group's strategy remained unchanged from 2019.

The Group monitors its capital structure by reviewing its net debt-to-equity ratio and cash flow requirements, taking into account its future financial obligations and commitments. The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020	2019
	RMB'000	*RMB'000*
Borrowings:		
Current portion	**835,562**	569,300
Non-current portion	**1,386,070**	1,014,646
Total borrowings *(note 23)*	**2,221,632**	1,583,946
Less: Cash and cash equivalents *(note 21)*	**(858,837)**	(103,456)
Net debt	**1,362,795**	1,480,490
Total equity	**633,223**	790,353
Gearing ratio	**215%**	187%

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest payables *(Note 22)* *RMB'000*	Bank loans and other loans *(Note 23)* *RMB'000*	Bonds *(Note 23)* *RMB'000*	Convertible bonds *(Note 23)* *RMB'000*	Notes payables *(Note 23)* *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
At 1 January 2020	20,424	982,733	149,498	297,498	154,217	2,343	1,606,713
Changes from financing cash flows:							
Proceeds from new bank loans and other loans	—	1,309,712	—	—	—	—	1,309,712
Repayment of bank loans and other loans	—	(654,225)	—	—	—	—	(654,225)
Repayment of bonds	—	—	(893)	—	—	—	(893)
Repayment of notes payables	—	—	—	—	(9,940)	—	(9,940)
Repayment of lease liabilities	—	—	—	—	—	(1,517)	(1,517)
Other borrowing cost paid	—	(28,265)	(11,405)	(22,279)	(21,642)	—	(83,591)
Total changes from financing cash flows	—	627,222	(12,298)	(22,279)	(31,582)	(1,517)	559,546
Exchange realignment	—	(32)	(9,021)	(18,458)	(8,742)	(14)	(36,267)
Other Changes:							
Interest expenses	27,360	34,814	15,957	40,604	21,501	35	140,271
New leases entered	—	—	—	—	—	694	694
Termination of leases	—	—	—	—	—	(1,541)	(1,541)
Total other changes	27,360	34,814	15,957	40,604	21,501	(812)	139,424
At 31 December 2020	**47,784**	**1,644,737**	**144,136**	**297,365**	**135,394**	**—**	**2,269,416**

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(a) Reconciliation of liabilities arising from financing activities *(continued)*

	Interest payables *(Note 22)* *RMB'000*	Bank loans and other loans *(Note 23)* *RMB'000*	Bonds *(Note 23)* *RMB'000*	Convertible notes *(Note 23)* *RMB'000*	Convertible bonds *(Note 23)* *RMB'000*	Notes payables *(Note 23)* *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
At 1 January 2019	8,456	1,034,348	145,892	293,357	—	—	—	1,482,053
Changes from financing cash flows:								
Proceeds from new bank loans and other loans	—	587,467	—	—	—	—	—	587,467
Repayment of bank loans and other loans	—	(644,610)	—	—	—	—	—	(644,610)
Redemption of convertible notes	—	—	—	(149,024)	—	—	—	(149,024)
Repayment of bonds	—	—	(3,465)	—	—	—	—	(3,465)
Proceeds from issue of convertible bonds	—	—	—	—	266,491	—	—	266,491
Repayment of lease liabilities	—	—	—	—	—	—	(3,197)	(3,197)
Other borrowing cost paid	—	(46,722)	(11,242)	(17,665)	(16,891)	—	—	(92,520)
Total changes from financing cash flows	—	(103,865)	(14,707)	(166,689)	249,600	—	(3,197)	(38,858)
Exchange realignment	—	1,533	2,877	(640)	13,460	(724)	42	16,548
Other changes:								
Differences between the proceeds from issue of convertible bonds and initial recognition of liability components of convertible bonds	—	—	—	—	5,040	—	—	5,040
Reclassified from convertible notes to notes payables upon removal of convertible options	—	—	—	(154,131)	—	154,131	—	—
Interest expenses	11,968	50,717	15,436	39,978	29,398	810	273	148,580
Extinguishment upon extension of Convertible notes	—	—	—	(151,145)	—	—	—	(151,145)
Recognition upon extension of convertible notes	—	—	—	139,270	—	—	—	139,270
Initial application of HKFRS 16	—	—	—	—	—	—	5,225	5,225
Total other changes	11,968	50,717	15,436	(126,028)	34,438	154,941	5,498	146,970
At 31 December 2019	20,424	982,733	149,498	—	297,498	154,217	2,343	1,606,713

Note: Bank loans and other loans consist of bank loans, loans from independent third parties as disclosed in notes 23(b)(iv) and 24.

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Disposal of subsidiaries

(i) Disposal of a subsidiary — Well Ming International Limited and its subsidiary (collectively referred as "**Well Ming**")

On 18 June 2020, the Group entered into an agreement with a purchaser to dispose of the entire 100% of the issued share capital of a wholly-owned subsidiary, Well Ming, for a cash consideration of HK$100,000 (equivalent to approximately RMB91,000). The disposal transaction was completed on 3 July 2020.

Net assets at the date of disposal were as follows:

	RMB'000
Net assets disposed of	—
Gain on disposal of a subsidiary *(note 4)*	91
	91
Net cash inflow arising on disposal:	
Cash consideration received	91

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity prices.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

i. The Group's credit risk is primarily attributable to trade and other receivables.

ii. The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for approximately 99% (2019: 99%) of the Group's total trade debtors as at 31 December 2020.

iii. In respect of other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 5–90 days from the date of billing.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

iv. In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the Reporting Period, the Group had a certain concentration of credit risk as 99% (2019: 99%) of the total trade receivables were due from the Group's largest debtor as at 31 December 2020. The Group does not hold any collateral over these balances.

v. The credit risk on liquid funds is limited because the counter parties are financial institutions with established high credit ratings.

vi. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables is set out in note 19.

vii. The Group considers whether there has been a significant increase in credit risk of other financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

— actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

— actual or expected significant changes in the operating results of the borrower;

— significant increases in credit risk on other financial instruments of the same borrower;

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 1 year of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when the Group determine that the debtor does not have assets or source of income that could generate sufficient cash flow to repay the amounts subject to write-off. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

The Group uses two categories for non-trade loan receivables, other receivables, amount due from an associate and amount due from non-controlling interest which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

	Loan receivables *RMB'000*	**Other receivables** *RMB'000*	**Amount due from an associate** *RMB'000*	**Amount due from non-controlling interest** *RMB'000*	**Total** *RMB'000*
Balance at 31 December 2020	**243,642**	**347,057**	**29,187**	**7,498**	**627,384**
Loss allowance	**(17,420)**	**(17,853)**	**(29,187)**	**—**	**(64,460)**
Carrying amount	**226,222**	**329,204**	**—**	**7,498**	**562,924**

	Loan receivables *RMB'000*	Other receivables *RMB'000*	Amount due from an associate *RMB'000*	Amount due from non-controlling interest *RMB'000*	Total *RMB'000*
Balance at 31 December 2019	226,155	288,758	29,189	2,498	546,600
Loss allowance	(9,000)	(8,274)	—	—	(17,274)
Carrying amount	217,155	280,484	29,189	2,498	529,326

All of these loans are considered to have low risk and under the 'Performing' category because they have a low risk of default and have strong ability to meet their obligations.

Expected credit loss rate					
2020	**7%**	**5%**	**100%**	**—**	**10%**
2019	4%	3%	—	—	3%

The increase in loss allowance is due to increase in expected loss rates.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following liquidity table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

2020

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but Less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	**70,098**	**36,781**	**129,201**	—	**236,080**	**210,000**
Bonds	**65,811**	**77,555**	**20,437**	—	**163,803**	**144,136**
Convertible bonds	**306,490**	—	—	—	**306,490**	**297,365**
Notes payables	**135,394**	—	—	—	**135,394**	**135,394**
Other loans	**362,912**	**183,378**	**531,239**	**754,640**	**1,832,169**	**1,434,737**
Trade and other payables (excluding deposit from customers and other tax payables)	**201,717**	—	—	—	**201,717**	**201,717**
	1,142,422	**297,714**	**680,877**	**754,640**	**2,875,653**	**2,423,349**

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

2019

	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but Less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Carrying Amount *RMB'000*
Bank loans	136,285	73,782	250,639	127,063	587,769	492,331
Bonds	30,070	58,861	96,525	—	185,456	149,498
Convertible bonds	40,674	307,187	—	—	347,861	297,498
Notes payables	161,077	—	—	—	161,077	154,217
Other loans	318,929	107,282	110,248	—	536,459	490,402
Trade and other payables (excluding deposit from customers and other tax payables)	142,862	—	—	—	142,862	142,862
	829,897	547,112	457,412	127,063	1,961,484	1,726,808

(c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, bank deposits, bank and other borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk *(continued)*

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period:

	2020		2019	
	Effective interest rates		Effective interest rates	
	%	***RMB'000***	%	*RMB'000*
Fixed rate borrowings:				
Bonds	**11.14**	**144,136**	11.14	149,498
Convertible bonds	**14.04**	**297,365**	14.04	297,498
Notes payables	**16**	**135,394**	12.71	154,217
Bank loans	**7.91**	**30,000**	7.06	67,831
Other loans	**8.70**	**74,510**	9.95	57,543
		681,405		726,587
Variable rate borrowings:				
Bank loans				
Long term loans	**4.97**	**180,000**	5.71	424,500
Short term loans	**—**	**—**	—	—
Other loans	**5.96**	**1,360,227**	7.59	432,859
		1,540,227		857,359
Total net borrowings		**2,221,632**		1,583,946
Net fixed rate borrowings as a percentage of total net borrowings		**31%**		46%

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increase/decrease the Group's loss after taxation by approximately RMB11,802,000 (2019: increase/decrease the Group's loss after taxation by approximately RMB6,764,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after taxation is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis of year 2019.

(d) Currency risk

The Group has certain 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 Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(e) Categories of financial instruments at 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
Financial assets:		
Financial assets at fair value through profit or loss:		
Mandatorily measured	**7,325**	7,917
Financial assets at fair value through other comprehensive income	**8,165**	7,500
Financial assets at amortised cost (including cash and cash equivalents)	**1,701,422**	888,356
Financial liabilities:		
Financial liabilities at amortised cost	**2,423,349**	1,726,808

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

Fair value measurement has been categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(f) Fair value measurement *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

Recurring fair value measurement

2020

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Assets				
Financial assets at fair value through profit or loss	**2,100**	**5,225**	**—**	**7,325**
Financial assets at fair value through other comprehensive income	**—**	**—**	**8,165**	**8,165**

2019

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss	2,692	5,225	—	7,917
Financial assets at fair value through other comprehensive income	—	—	7,500	7,500

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(f) Fair value measurement *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

Recurring fair value measurement (continued)

During the year there were no significant transfer between instruments in Level 1 and Level 2 and no transfer into or out of Level 3 (2019: Nil).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2020	2019
	RMB'000	*RMB'000*
Financial assets at fair value through other comprehensive income:		
At 1 January	**7,500**	7,212
Net unrealised gains recognised in other comprehensive income during the year	**665**	288
At 31 December	**8,165**	7,500

The net unrealised gains arising from the remeasurement of the unlisted financial assets at fair value through other comprehensive income are recognised in fair value reserve in other comprehensive income.

(ii) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the board of directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(f) Fair value measurement *(continued)*

(ii) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020: (continued)

Level 2 fair value measurements

Description	Valuation technique	Inputs	*RMB'000*
Equity investments at fair value through profit or loss	Market approach	Comparable transactions	5,225

Level 3 fair value measurements

Description	Valuation technique	Unobservable Inputs	Effect on fair value for increase of inputs	*RMB'000*
Financial assets at fair value through other comprehensive income	Asset approach	Net assets	Increase	8,165

(iii) Fair value of financial assets and liabilities carried at other than fair value

Except as disclosed in note 30(f)(i) to the consolidated financial statements, the carrying amounts of the Group's other financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

31 COMMITMENTS

Capital commitments outstanding at the end of reporting period not provided for in the consolidated financial statements were as follows:

	2020	2019
	RMB'000	*RMB'000*
Capital injection in subsidiaries		
— Contracted for	**607,562**	955,731
Capital injection in an associate		
— Contracted for	**39,117**	41,723
Acquisition of property, plant and equipment		
— Contracted for	**45,015**	46,607
	691,694	1,044,061

32 MATERIAL RELATED PARTY TRANSACTIONS

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

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's Directors as disclosed in note 7 and certain of the highest paid to employees as disclosed in note 8, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**9,516**	7,455
Post-employment benefits	**215**	188
Salaries and other emoluments	**9,731**	7,643

Total remuneration is included in "staff costs" (see note 5(b)).

33 ACCOUNTING ESTIMATES

Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(i) Impairment of property, plant and equipment and right-of-use assets

The recoverable amount of an asset is the greater of its fair value less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

33 ACCOUNTING ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(v) Recognition of deferred tax liabilities

As at 31 December 2020, deferred tax liabilities of approximately RMB11,397,000 (2019: approximately RMB8,408,000) have not been recognised on the distributable profits of certain group companies in the PRC as the Group plans to retain those profits in the respective entities for their daily operations and future developments. In case there is distribution of profits, additional tax liabilities will arise, which will be recognised in the profit or loss for the period in which such profits are declared or the future development plan of the Group amends, whichever is earlier.

34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2020	2019
	RMB'000	*RMB'000*
Non-current assets		
Investments in subsidiaries	**159,543**	159,543
Right-of-use assets	**—**	785
Deferred tax assets	**—**	2,920
	159,543	163,248
Current assets		
Other receivables	**96,440**	117,412
Amounts due from subsidiaries	**798,579**	873,623
Cash and cash equivalents	**122**	333
	895,141	991,368
Current liabilities		
Other payables	**40,884**	10,058
Amounts due to subsidiaries	**22,789**	21,820
Borrowings	**493,375**	202,511
Lease liabilities	**—**	810
	557,048	235,199
Net current assets	**338,093**	756,169
Total assets less current liabilities	**497,636**	919,417
Non-current liabilities		
Borrowings	**92,030**	432,245
Net assets	**405,606**	487,172
Capital and reserves		
Share capital	**17,286**	15,677
Reserves	**388,320**	471,495
Total equity	**405,606**	487,172

Approved and authorised for issue by the Board of Directors on 14 May 2021.

Zhang Zhixiang
Director

Ning Zhongzhi
Director

35 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation.

36 EVENTS AFTER THE REPORTING PERIOD

(a) On 29 January 2021, 179,900,000 share options to subscribe for a total of 179,900,000 new ordinary shares of HK$0.01 each of the Company were granted under the Company's Share Option Scheme approved and adopted on 1 June 2015. Further details are set out in the announcement of the Company dated 29 January 2021.

(b) On 29 January 2021, the Company and the holders of the Convertible Bonds entered into the Supplemental Agreements. Please refer to "Issuance of Convertible Bonds" in the "Management Discussion and Analysis" for details.

(c) On 3 March 2021, the Company entered into a warrant placing agreement with a placing agent in connection with the warrant placing, pursuant to which the placing agent has agreed to place, on a best effort basis, up to 395,828,160 warrants conferring rights to subscribe for up to 395,828,160 warrants share at the initial warrant exercise price of HK$0.205 per warrant share (subject to adjustment) to the warrant placee(s). Each warrant carries the right to subscribe for one warrant share. Further details are set out in the announcement of the Company dated 3 March 2021.

(d) On 24 March 2021, in accordance with the terms and conditions of the Convertible Bonds, the Supplemental Agreements and Subscription Agreements, the Company and the holders of the Convertible Bonds entered into extension agreements to (i) extend the term 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 Supplemental Agreements remain unchanged. Please refer to "Issuance of Convertible Bonds" in the "Management Discussion and Analysis" for details.

FIVE YEARS' FINANCIAL SUMMARY

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**346,401**	361,683	361,184	389,996	369,150
Profit from operations	**60,857**	85,140	102,933	176,071	126,644
(Loss)/profit before taxation	**(173,877)**	(61,607)	(11,929)	55,844	10,837
(Loss)/profit for the year	**(203,973)**	(80,778)	(37,258)	24,125	(11,205)
Attributable to:					
Equity shareholders of the Company	**(213,010)**	(103,879)	(64,212)	(7,090)	(38,217)
Non-controlling interests	**9,037**	23,101	26,954	31,215	27,012
	(203,973)	(80,778)	(37,258)	24,125	(11,205)
Assets and liabilities					
Total assets	**3,098,787**	2,552,254	2,571,854	2,450,874	2,623,978
Total liabilities	**(2,465,564)**	(1,761,901)	(1,693,335)	(1,517,109)	(1,707,503)
Net assets	**633,223**	790,353	878,519	933,765	916,475
Capital and reserves					
Share capital	**17,286**	15,677	15,677	15,677	15,677
Reserves	**384,720**	523,965	610,673	666,323	635,646
Total equity attributable to equity shareholders of the Company	**402,006**	539,642	626,350	682,000	651,323
Non-controlling interests	**231,217**	250,711	252,169	251,765	265,152
Total equity	**633,223**	790,353	878,519	933,765	916,475

Note:

1 The results for the year ended 31 December 2020, and the assets and liabilities as at 31 December 2020 have been extracted from the consolidated statement of profit or loss and consolidated statement of financial position as set out on pages 83 to 86 respectively, of the consolidated financial statements.