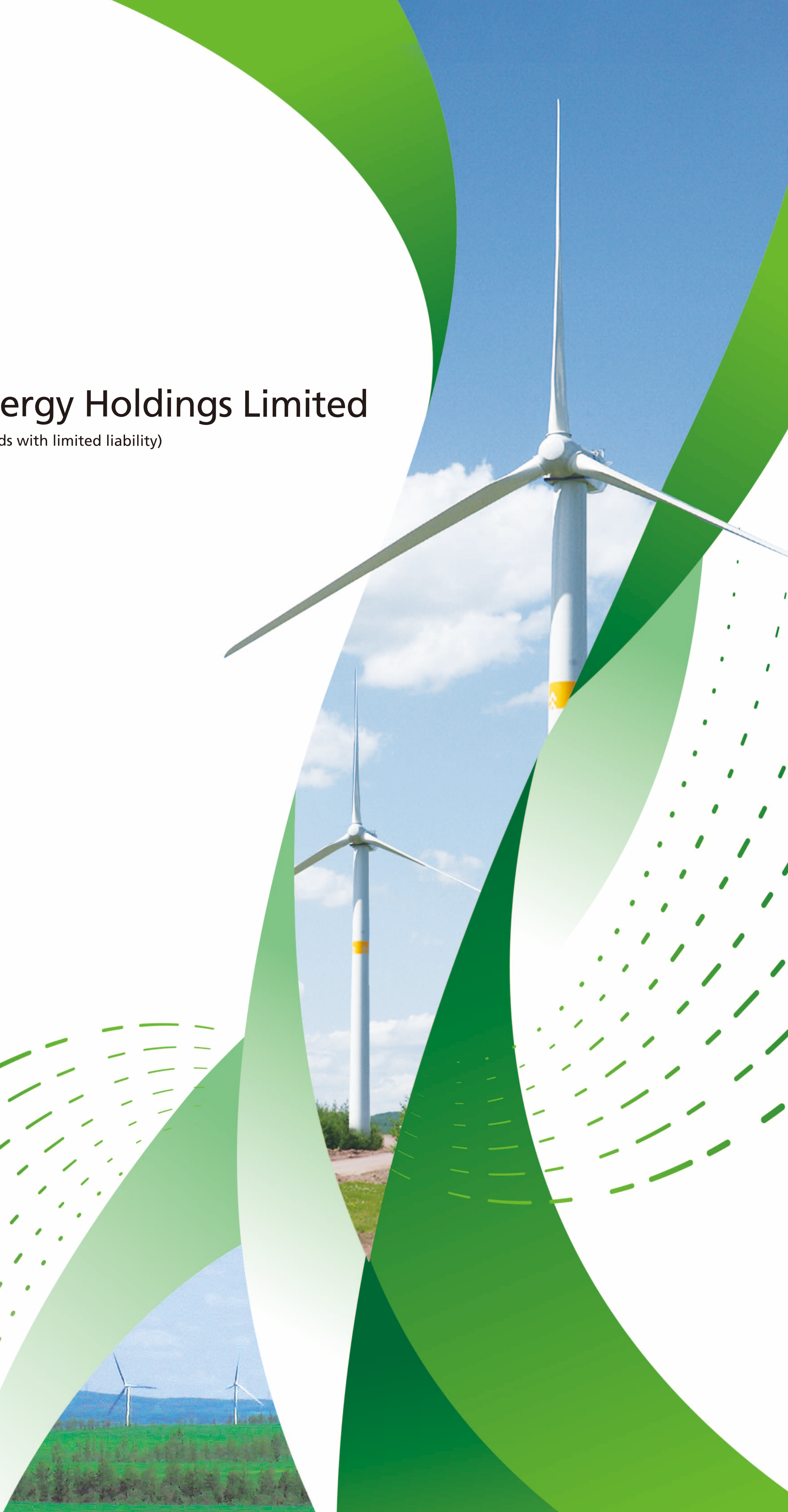
China Ruifeng Renewable Energy Holdings Limited

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



2023
ANNUAL REPORT

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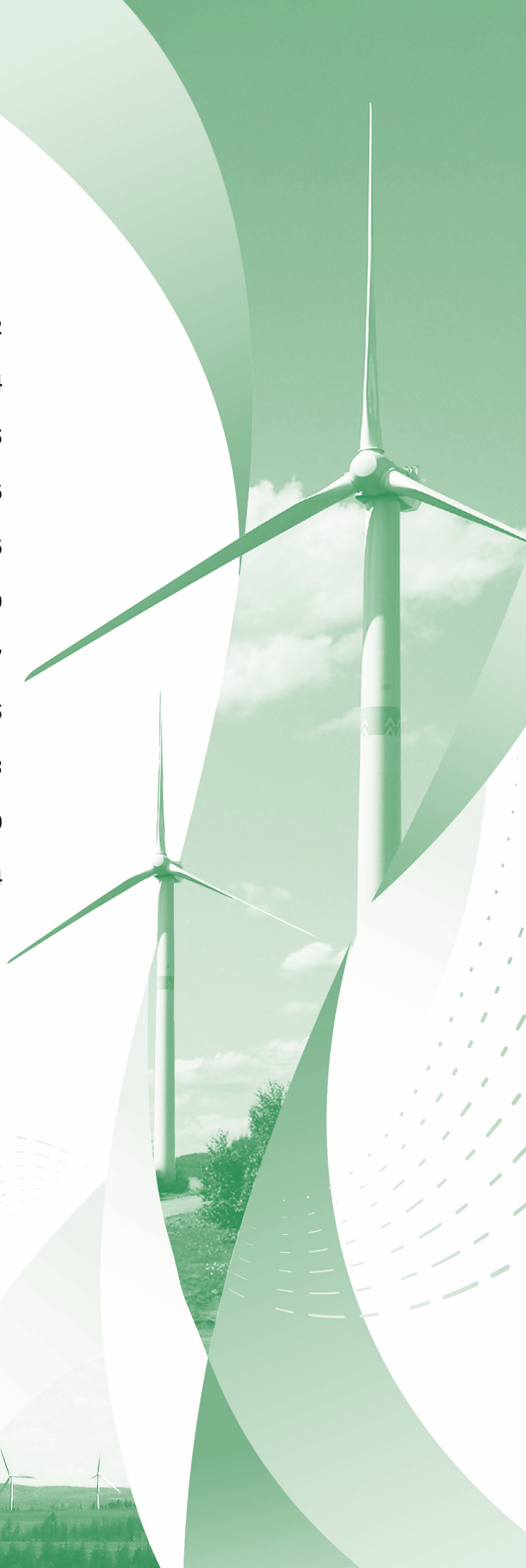


COMPANY INFORMATION

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00527

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Wong Yuk Ki

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
Chong Hing Bank 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 2801–2804, 28/F
Office Tower, Convention Plaza
1 Harbour Road, Wanchai
Hong Kong

COMPANY WEBSITE

www.c-ruifeng.com

AUDITORS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

CORPORATE PROFILE

As a renewable energy enterprise specialised in wind power operation, China Ruifeng Renewable Energy Holdings Limited (the "**Company**") together with its subsidiaries (collectively, the "**Group**") is principally engaged in the businesses of wind power generation. The Group has also been seeking development opportunities in the renewable energy sectors, with the aim to facilitate the development of, and complement with each other, the continuous enhancement of the Group'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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Ruifeng Renewable Energy Holdings Limited, I hereby present to the shareholders of the Company (the "**Shareholders**") the results of the Group for the year ended 31 December 2023 (the "**Reporting Period**").

As a renewable energy enterprise specialising in wind power development and operation, during the year of 2023, the Group was primarily engaged in the business of wind farms operation. At the same time, we were also searching for other investment opportunities in the renewable energy industry, such as the expansion of its business scope to the research and development, production, and sales of hydrogen vehicles, hydrogen fuel cells and power systems, wind power to hydrogen generation, hydrogen storage, and other activities through potential acquisitions and joint venture, with the aim to improve our industrial chain, facilitate the continuous development of the Group, increase its revenue streams and enhance our ability to withstand risks, which will solidify the foundation to reinforce the comprehensive development of our renewable energy operation sector.

2023 is both a challenge and an opportunity for the renewable energy industry. Against the complicated and volatile domestic and international market environment and policy adjustment, the Group has consistently adhered to the core strategy of "green development and innovation-driven", and continuously promoted the development and utilisation of clean energy and achieved remarkable results.

Looking ahead to 2024, the Chinese government has attached greater importance and support to the development of renewable energy. The latest national policies clearly set out the objectives of accelerating the development of renewable energy with high quality, and introduced a series of complementary measures. These policies not only provided us with a wider scope of development, but also provided us with a clear direction of progress.

As a renewable energy enterprise specialised in wind power, Ruifeng Renewable Energy will adapt to the new environment and seize the opportunity. On the one hand, we will continue to focus on renewable energy business specialised in wind power by enhancing the operational efficiency and reducing costs of the Group's existing wind farms; on the other hand, we will actively seek other possible development opportunities, with a view of expanding into new business sectors and striving for a solid foothold in the renewable energy industry. We aim to become a first-class new energy enterprise and bring continuous, stable and substantial returns to the Shareholders.

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, enthusiasm and dedication 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.

Yuan Wanyong
Chairman

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Wind farm operations

For the year ended 31 December 2023, the revenue from the wind farm operations amounted to approximately RMB342,744,000 (2022: approximately RMB298,870,000), representing an increase of approximately 15% from that of year ended 31 December 2022.

Hongsong's wind farm projects

The construction of the Phase 9 Project — The Yuanhui Project of Hongsong was completed in December 2013. Hongsong currently has an installed capacity of 398.4 MW, and its wind farm had a steady and stable operation in 2023 which made primarily contribution to the Group's revenue for the year ended 31 December 2023.

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's 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

In 2023, China's economy witnessed good momentum of recovery in spite of the complex and challenging international economic environment. China's Gross Domestic Product ("**GDP**") has recorded an increase by 5.2% year-on-year for the year ended 31 December 2023, evidencing the vitality and potential of China's new pattern of development. Compared to 2022, China's economy in 2023 was more stable with accumulating positive changes and stabilising growth. The significant increase in China's GDP growth in the fourth quarter of 2023 and the improvement in the national economy showed gradual movement of full recovery and growth.

There has been a steady growth in China's wind power industry in the recent years. According to the National Energy Administration of China, the newly installed on-grid wind power capacity in 2023 was 75.9 gigawatt ("**GW**"). The accumulative installed on-grid wind power capacity reached a new high of 440 GW. Wind power generation capacity for 2023 reached 809,000 GW. In 2023, China's total electricity consumption was 9.22 trillion kilowatt hours ("**kwh**"), an increase of 6.7% compared with 2022. This further verifies the important position of the wind power industry in China's energy structure.

The Chinese government attaches great importance to the development of renewable energy and actively promotes the application and promotion of wind power and clean energy through the implementation of a series of policies and measures, providing tremendous opportunities for the development of the Group's wind farm business. The Chinese government's continued support for the wind power industry not only creates unique policy advantages for the Group's development, but also provides a favorable development environment. It is expected that the wind power industry will usher in a new development period, and the Group will seize this opportunity to achieve rapid business growth.

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 electricity supply and demand, and therefore fluctuate accordingly. The total wind power generated by the Company's Hongsong Wind Farm in Hebei Province for the years ended 2023 and 2022 were 761.94 gigawatt hours ("**GWh**") and 663.38 GWh, respectively. Should the economic growth rate slacken, there are risks in fluctuations of the average utilisation hours of the Company's wind turbine equipment in the future, and these will impact the Company's profitability.

(2) Risks of wind power pricing fluctuation

In December 2016, the National Development and Reform Commission of China (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 ("**PV**") 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 subsidised 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 renewable energy business is capital intensive, and electricity project constructions are characterised as large-scale investments with 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

To promote its goals of achieving peak carbon emissions and carbon neutrality, China is gradually constructing a comprehensive "1+N" policy framework, which includes promulgating carbon peak implementation plans for key areas and industries and a series of supporting and safeguarding measures. Firm implementation of the new concept of green development, promotion of resources conservation and recycle in all aspects, continue to promote the adjustment of industrial and energy structures, and vigorously develop renewable energy sources are important strategic directions of the Chinese government. The Chinese government is accelerating the construction of large-scale wind power and PV grid projects in Gobi and other desert areas which provides broad space for development of wind power industry.

Nine PRC authorities including the NDRC and the National Energy Administration jointly issued the "14th Five-Year Plan for Renewable Energy Development" (《"十四五"可再生能源發展規劃》) which sets out the goals for development and utilisation of renewable energy. Under the planning guidelines of the 14th Five-year Plan, China has been steadily developing its wind power and PV industries. Its offshore and decentralised wind power projects and domestic PV projects garnered attention. The grid-connected installed capacities of its wind and PV power were 75.9 GW and 217 GW, respectively. The accumulated installed capacity of wind power promoted China to be the largest wind power provider in the world. Abandoned wind and PV power rates remained stable during 2023, with consumption rates amounting to 97.3% and 98%, respectively. Under its "dual carbon" goals, China has entered into an era of grid parity and its economic benefits have become increasingly prominent.

Technological advancement has injected strong momentum for the development of wind power industry. The ability of equipment manufacturers to build larger and lighter wind turbine products has reduced the costs of wind power electricity and enhanced the efficiency and reliance of wind power energy. Moreover, as a result of the Chinese government's increasing investment in smart grids and ultra-high-voltage electrical transmission cables, abandoned wind rates and power rationing hours have been decreasing every year, while utilisation hours for wind power have been increasing.

In the future, the Group will unswervingly consolidate its resources on the development and operation of various renewable energy systems such as wind farms, to strive for establishing a leading position in the renewable energy industry in North China. We will continue to optimise the layout of wind farms, improve the performance and efficiency of wind power equipment, and reduce operation and maintenance costs to achieve higher power generation and better economic benefits. At the same time, we will also actively explore new business models, such as wind power + energy storage and wind power + hydrogen energy, etc., to expand business boundaries and enhance market competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

Through joint development and acquisitions, the Group will continue developing its renewable energy business in new and clean energy areas other than wind power. We will establish strategic partnerships with outstanding companies inside and outside the industry to jointly develop PV, biomass and other renewable energy projects to form a diversified and complementary energy structure. Through cooperation, we can share resources, technology and management experience to achieve mutual benefit and win-win outcomes, and to promote the sustainable development of the entire industry.

While strengthening the existing wind farm operation and maintenance business in North China, the Group will gradually expand its operation and maintenance business coverage to surrounding areas and deepen its interaction with other industry sectors.

We will use advanced technology and management experience to improve the level and quality of operation and maintenance services and provide customers with better and more efficient solutions. In addition, we will also actively explore cooperation models with other industries such as electric power, transportation, and construction to promote the widespread application and deep integration of renewable energy.

The Group is actively exploring the development of hydrogen-related businesses including the production of hydrogen vehicles, wind power to hydrogen generation, hydrogen storage, and building and operation of a hydrogen fuel station. We believe that the expansion of this business is in line with the strategic needs for clean energy and sustainable development of the Chinese government.

In order to achieve the above goals, the Group will mainly raise funds in the capital market to support its future development projects. We will actively communicate with investors to demonstrate the Group's strategic planning and business prospects to attract more financial support. We will also strengthen internal management and risk control to ensure the Group's stable operation and sustainable development.

In the long-run, the Group will focus its effort on the development and optimisation of existing renewable energy resources. In parallel to the expansion of wind farm's operational scale and the enhancement of efficiency, the Group will integrate the advantages of all cooperating parties and itself in order to explore more development opportunities in other new areas of clean energy and further consolidate the Group's position in the industry of renewable energy. By integrating business and resources, we will explore possible synergistic opportunities among different business segments for business expansions and growth in revenues and profits. The Group is committed to becoming a renewable energy supplier and integrated service provider with relatively strong competitiveness, establishing a stable and comprehensive foundation for long-term growth of the Group.

We understand that the success of an enterprise cannot be separated from the support and trust of the society. Therefore, the Group will always adhere to the business philosophy of integrity, innovation, collaboration and win-win outcomes, actively fulfilling its social responsibilities and create more value for the society. We will work hand in hand with the Shareholders, investors and all partners to jointly promote the prosperity and development of China's renewable energy industry and contribute our efforts to achieve the global carbon neutrality goal.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group is principally engaged in wind farm operations during the Reporting Period. Operating results for the years ended 31 December 2023 and 31 December 2022 are as follows:

	Year ended 31 December		Approximate change	Approximate change in percentage
	2023	2022	**change**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**343,811**	304,443	39,368	13
Gross profit	**125,962**	64,114	61,848	97
Operating profit	**72,098**	992	71,106	7,168
Loss before income tax	**(71,203)**	(156,055)	84,852	54
Loss for the year	**(94,773)**	(162,020)	67,247	42
Attributable to:				
The owners of the Company	**(108,955)**	(154,448)	45,493	30
Non-controlling interests	**14,182**	(7,572)	21,754	287
Loss for the year	**(94,773)**	(162,020)	67,247	42

		Year ended 31 December	
	Notes	**2023**	2022
Net debt *(RMB'000)*	*1*	**(1,134,023)**	(1,302,227)
Net assets *(RMB'000)*	*2*	**211,988**	115,157
Liquidity ratio	*3*	**222%**	189%
Trade receivables turnover (number of days)	*4*	**177**	289
Trade payables turnover (number of days)	*5*	**34**	25
Earning interest multiple	*6*	**0.5**	0.003
Net debt to capital ratio	*7*	**535%**	1,131%

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 Reporting Period, the Group's revenue was derived from the business of wind power generation and sales of mechanical and electrical equipment. 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 2023 was approximately RMB343,811,000, representing an increase of approximately 13% compared to approximately RMB304,443,000 for the year ended 31 December 2022.

Analysis of the Group's revenue for the years ended 31 December 2023 and 31 December 2022 are set out below:

	2023 ***RMB'000***	2022 *RMB'000*	**Increase/ (decrease)** *RMB'000*	**Approximate change in percentage** %
Sales of electricity	**251,163**	220,602	30,561	14
Tariff adjustment	**91,581**	78,268	13,313	17
Sales of mechanical and electrical equipment	**1,067**	—	1,067	N/A
Incineration of medical wastage	**—**	5,573	(5,573)	(100)
Total	**343,811**	304,443	39,368	13

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 2023 accounted for approximately RMB217,849,000 (2022: approximately RMB240,329,000), which represented approximately 63% of the Group's revenue (2022: approximately 79%).

Gross Profit

Gross profit was approximately RMB125,962,000 for the year ended 31 December 2023 (2022: approximately RMB64,114,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin for the year ended 31 December 2023 was approximately 37%, as compared to approximately 21% for the year 31 December 2022.

Other Income and Other Gains, net

Other income and other gains, net for the year ended 31 December 2023 were mainly comprised of (i) refund of value-added tax from the PRC government amounted to approximately RMB20,005,000 (2022: approximately RMB17,177,000); (ii) rental income from operating leases amounted to approximately RMB2,509,000 (2022: approximately RMB2,306,000); (iii) waiver of principal and interest payables of other loans amounted to approximately RMB4,803,000 (2022: RMB7,899,000).

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 5% to approximately RMB65,916,000 for the year ended 31 December 2023 as compared with that of approximately RMB62,526,000 for the year ended 31 December 2022.

Provision for Expected Credit Losses on Other Receivables

Provision for expected credit losses on other receivables amounted to approximately RMB24,872,000 were recognised for the year ended 31 December 2023 (2022: approximately RMB27,503,000). The Group performs impairment assessment under expected credit loss model on other receivables individually. Based on the assessment, the recoverability of certain other receivables was remote and provision of expected credit losses was recognised.

Loan Receivables

References are made to the announcements of the Company dated 29 November 2021 and 10 December 2021 (the "**Financial Assistance Announcements**") in relation to, among other things, the provision of financial assistance. Unless otherwise defined, capitalised terms used in this section shall have the same meanings as defined in the Financial Assistance Announcements.

As at 31 December 2023, the details of the material loan receivables and their key terms are as follows:

Identity	As at 31 December 2023 (RMB'000)	Provision for loss allowance as at 1 January 2023 (RMB'000)	Change in the allowance recgonised during the Reporting Period (RMB'000)	Amount written-off for the year ended 31 December 2023 (RMB'000)	Exchange realignment (RMB'000)	Provision for loss allowance as at 31 December 2023 (RMB'000)	Date of entering into transaction	Principal amount (RMB'000)	Interest rate (p.a.)	Repayment period	Securities/ guarantee/ collateral
Debtor A	57,266	12,312	(1,170)	–	–	11,142	Between 31 December 2017 to 6 January 2020	73,466	6%–7%	By 9 July 2021	Share charge and guaranteed by business partner of borrower
Debtor C	70,509	14,135	(416)	–	–	13,719	Between 28 September 2018 to 17 January 2020	89,708	6%–7%	By 9 July 2021	Share charge and guaranteed by business partner of borrower
承德利保建築工程有限公司 ("**Chengde Libao**")	24,800	25,000	(200)	–	–	24,800	3 March 2016	25,000	5.70%	31 May 2018	Nil
Others	66,281	13,474	3,476	–	31	16,981					
	218,856	64,921	1,690	–	31	66,642					

Debtor A

Debtor A is a company incorporated in the PRC with limited liability, which is primarily engaged in investment holding and management. The projects in which Debtor A is involved include comprehensive tourism development spanning hotels, leisure and cultural attractions.

Through Debtor A, the Group would be able to gain access to business network and opportunities in the tourism sector, within which the Group sees potential for expansion, e.g. by conducting tourism activities related to or at its wind farms. The Group considers that such cooperations with tourism companies could generate an additional source of revenue from its existing wind farm assets at a relatively low cost, as well as boost the Group's reputation within the general public and help promote renewable energies. In particular, Debtor A is involved in two tourism development projects in Chengde city, Hebei province, the PRC, where some of the Group's wind farms are located in. The Group saw similar networking opportunities with Debtor A, as it is involved in tourism development. The Company therefore considered potential cooperation with Debtor A would be beneficial.

Debtor C

Debtor C is a company incorporated in the PRC with limited liability, which is primarily engaged in technology development and services. Debtor C is experienced in providing energy management and conservation services in Chengde city, Hebei province, the PRC. As one of the Group's wind farms is located in Chengde city, the Group saw potential in business cooperation with Debtor C by combining the renewable energy generation resources of the Group with Debtor C's network of energy-conscious customers and its energy management and conservation experience.

Chengde Libao

Chengde Libao is a company incorporated in the PRC with limited liability which is primarily engaged in construction. In prior years, the Group was engaged in power grid construction operation. In order to enhance its construction capacities, the Group intended to invest in Chengde Libao and therefore loan facility was provided by a PRC subsidiary of the Group to Chengde Libao for business development.

Taking into account the potential business development and network benefits of a good business relationship between the Group and the respective debtors as detailed above, as well as the interest income which may be generated, the Directors consider that the terms reached were fair and reasonable and that the provision of the financial assistance to each of Debtor A, Debtor C and Chengde Libao was in the interests of the Company and its Shareholders as a whole. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Debtor A, Debtor C and Chengde Libao is not connected person(s) of the Company and its subsidiaries and is a third party independent of the Company and connected persons of the Company.

Other Receivables

As at 31 December 2023, the details of the material other receivables and their key terms are as follows:

Identity	As at 31 December 2023 *(RMB'000)*	Provision for loss allowance as at 1 January 2023 *(RMB'000)*	Change in the allowance recognised during the Reporting Period *(RMB'000)*	Amount written-off for the year ended 31 December 2023 *(RMB'000)*	Exchange realignment *(RMB'000)*	Provision for loss allowance as at 31 December 2023 *(RMB'000)*	Nature	Date of entering into transaction
Debtor A	3,345	638	(79)	—	—	559	Loan interest receivable	Refer to loan receivables above
Debtor C	4,251	794	(84)	—	—	710	Loan interest receivable	Refer to loan receivables above
Chengde Libao	14,349	12,927	1,422	—	—	14,349	Loan interest receivable	Refer to loan receivables above
河北北辰電網建設股份有限公司 ("**Beichen Electricity**")	78,961	5,318	20,423	—	—	25,741	Deposit	1 January 2018
Suzlon Energy (Tianjin) Limited ("**Suzlon**")	117,718	116,493	—	—	1,225	117,718	Consideration for equipment and deposit	Between 17 December 2015 to 13 April 2018
Others	126,730	50,797	1,500	(9,981)	34	42,350		
	345,354	186,967	23,182	(9,981)	1,259	201,427		

Beichen Electricity

Beichen Electricity is a company incorporated in the PRC with limited liability, which is primarily engaged in power grid construction. The Group entered into a framework agreement for the cooperation in the development of wind power, photovoltaic and tourism projects with Beichen Electricity in 2018.

Pursuant to such framework agreement, the Group as an investor is responsible for funding the projects while Beichen Electricity is responsible for the preliminary work involving the utilisation of its own human resources, assessment work concerning the project area and marketing and planning. Therefore, the Group paid an initial deposit to support the projects. Nonetheless, due to the non-approval of the projects by the local government of the PRC, the projects could not proceed. During the Reporting Period, the Group informed Beichen Electricity in writing to cease future co-operation with Beichen Electricity due to the Group's latest development plan and to demand Beichen Electricity for full repayment of the deposit.

Suzlon

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; 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 Suzlon, in connection with a possible acquisition of the abovementioned equity interest in Suzlon with a refundable deposit of US$6,500,000 (equivalent to approximately RMB42,100,000) paid by the Group to the vendor (the "**Deposit**") which the Deposit was subsequently transferred by the vendor to Suzlon in November 2018.

The Group has paid approximately RMB132,000,000 to Suzlon in previous years as consideration of the Equipment and Deposit. Suzlon was subsequently in financial difficulties and its production was suspended, thus Suzlon was unable to deliver the Equipment to Baotou Yinfeng. Suzlon has not discharged its repayment obligation on the Deposit. The Group has continuously demanded repayment from Suzlon on the Equipment and Deposit but in vain. Baotou Yinfeng commenced legal proceedings in the PRC against Suzlon for partial consideration paid. The PRC court has ruled that Suzlon should return a sum of approximately RMB36,000,000 to Baotou Yinfeng for the failure to deliver the Equipment in 2020. As at 31 December 2020, other receivables due from Suzlon amounted to approximately RMB78,423,000. As at 31 December 2021, based on the company and legal searches conducted by the Group's external legal advisers and their legal opinion, recovery efforts including the legal action taken by the Group and the demand for repayment made by the Group, the management is of the view that any recovery of the carrying amounts of these other receivables due from Suzlon amounted to approximately RMB78,423,000 is minimal. As a result, as at 31 December 2021, the carrying amounts of these other receivables were written down to RMBNil on the consolidated statement of financial position such that the expected credit losses on these other receivables of approximately RMB78,423,000 were recognised in the consolidated statement of profit or loss for the year ended 31 December 2021.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Beichen Electricity and Suzlon is not connected person(s) of the Company and its subsidiaries and is a third party independent of the Company and connected persons of the Company.

Impairment Assessment of Loan Receivables and Other Receivables

Reference is made to section "Financial Risk Management" in notes to the consolidated financial statements in this report for the basis of impairment assessment.

As at 31 December 2023, Beichen Electricity is classified from "Stage 1" as at 31 December 2022 to "Stage 2" as the balance is past due which indicated increase in credit risk and provision of ECL amounted to approximately RMB20,423,000 was recognised for the year ended 31 December 2023. Debtor A and Debtor C are classified in "Stage 2" as the balances are past due which indicated increase in credit risk. As repayments have been received and the Company is in negotiation of settlement plan with Debtor A and Debtor C, such balances are not yet deemed to be credit-impaired. Chengde Libao and Suzlon are classified in "Stage 3" as the balances are credit impaired due to default of payments in prior years and there were evidence indicating that the counterparties were in financial difficulties.

Action Plan for Loan Receivables and Other Receivables

The Group will use its best endeavours to continue taking active measures to control and monitor the conditions of each of the loan receivables and other receivables and will actively seek actions for recovery of such receivables to safeguard the Group's assets, including but not limited to taking legal actions to recover the overdue balances. The Company's PRC legal representative has issued demand letters to Debtor A, Debtor C and Beichen Electricity demanding the settlement of all outstanding balances and will continue to closely monitor the repayment progress and seek PRC legal advice for further actions when necessary.

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, New Convertible Bonds and 2023 Convertible Bonds (as defined below) issued by the Company amounted to approximately RMB142,755,000 for the year ended 31 December 2023 (2022: approximately RMB156,469,000). The slight decrease was mainly due to full repayment of principal of Notes and reduction in interest rates of other loans incurred during the Reporting Period.

Taxation

Taxation expenses increased to approximately RMB23,570,000 for the year ended 31 December 2023 (2022: approximately RMB5,965,000). Such increase was mainly derived from the significant increase in taxable profits of Hongsong.

Loss for the Year

Loss for the year ended 31 December 2023 was approximately RMB94,773,000 (2022: approximately RMB162,020,000). The significant decrease in loss for the year was mainly due to the increase in sales of electricity while reduction of cost of sales being implemented, and no impairment loss on property, plant and equipment was incurred during the Reporting Period (2022: approximately RMB20,583,000).

Loss attributable to the owners of the Company was approximately RMB108,955,000 (2022: approximately RMB154,448,000).

Net Current Assets

Net current assets as at 31 December 2023 were approximately RMB499,457,000 (2022: approximately RMB426,134,000). Increase in net current assets position as at 31 December 2023 was mainly due to the increase in trade receivables amounted to approximately RMB59,170,000 and full repayment of principal of Notes under current liabilities amounted to approximately HK$64,751,000.

Liquidity and Financing

The cash and bank balances as at 31 December 2023 and 31 December 2022 amounted to approximately RMB385,512,000 (mainly denominated in RMB and Hong Kong dollar ("**HK$**") which is comprised of approximately RMB358,187,000 and HK$30,072,000, respectively), and approximately RMB420,843,000 (mainly denominated in RMB and HK$ which is comprised of approximately RMB416,671,000 and HK$4,679,000, respectively) respectively.

Total borrowings as at 31 December 2023 amounted to approximately RMB1,519,535,000, representing a decrease by approximately RMB203,535,000 when compared with approximately RMB1,723,070,000 as at 31 December 2022.

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 decreased to approximately 89% as at 31 December 2023 from approximately 94% as at 31 December 2022. The ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2023, all of the Group's borrowings were settled in RMB and HK$ and all of the Group's income was denominated in RMB. Interest-bearing borrowings were approximately RMB1,519,535,000 as at 31 December 2023. Among the interest-bearing borrowings of the Group, approximately RMB494,735,000 were fixed-rate loans, while approximately RMB1,024,800,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2023 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 year ended 31 December 2023, the Company issued additional corporate bonds with principal amount of HK$3,000,000 (the "**Corporate Bonds**") to an investor. Corporate Bonds with principal amount of HK$37,895,000 were matured and redeemed during the year ended 31 December 2023 (for the year ended 31 December 2022: the Company did not issue any additional Corporate Bonds; and the principal amount of HK$24,825,000 were matured and redeemed).

As at 31 December 2023 and 31 December 2022, the principal amount of approximately HK$116,416,000 and HK$151,311,000 of the Corporate Bonds had been issued and had not been repaid respectively. For more 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 noteholders 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 became unconditional on 15 December 2017 upon the grant of listing approval from the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

On 22 August 2019, the Company and all the noteholders 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 the grant of listing approval 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 the grant of listing approval from the Stock Exchange. Convertible Notes have since then been reclassified as notes (the "**Notes**").

During the year ended 31 December 2023, the Notes with principal amount of HK$64,751,000 has been repaid (2022: Notes with principal amount of HK$13,542,000 has been repaid).

As at 31 December 2023, all outstanding principal amount of the Notes had been repaid (2022: approximately HK$64,751,000 of the Notes had been issued and had not been repaid).

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

Issuance of New Convertible Bonds

On 31 December 2018, the Company, Filled Converge Limited ("**Filled Converge**") and Well Foundation Company Limited ("**Well Foundation**") entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company conditionally agreed to issue and (i) Filled Converge conditionally agreed to subscribe for the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$294,183,000 and (ii) Well Foundation conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK$19,612,000. The Convertible Bonds are in the aggregate amount of HK$313,795,000 due in 2021 and extendable to 2022 at an interest rate of 8% per annum, with the conversion rights to convert the outstanding principal amount of the Convertible Bonds into the shares at an initial conversion price of HK$0.485 per conversion share.

On 28 January 2022, the Company entered into a subscription agreement (the "**New Subscription Agreement**") with one of the holders of the Convertible Bonds, Filled Converge, in respect of subscription of convertible bonds in the principal amount of HK$356,375,000 due 2025 (the "**New Convertible Bonds**"). Pursuant to the New Subscription Agreement, the Company conditionally agreed to issue and Filled Converge conditionally agreed to subscribe for the New Convertible Bonds in the principal amount of HK$356,375,000.

The principal amount of HK$294,183,000 and outstanding interests payable by the Company to Filled Converge under the Convertible Bonds were fully settled through the New Convertible Bonds issued by the Company to Filled Converge. The remaining amount of proceeds from the subscription of the New Convertible Bonds (i.e. approximately HK$4,000) were used to partially settle the professional fees incurred by the Company. The New Convertible Bonds will be due in 2025 at an interest rate of 10% per annum, with the conversion rights to convert the outstanding principal amount of the New Convertible Bonds into the Company's ordinary shares at an initial conversion price of HK$0.18 per conversion share.

Assuming full conversion of the New Convertible Bonds, a total of 1,979,861,111 new shares of the Company, being the conversion shares, would be allotted and issued, representing (i) approximately 100.04% of the issued share capital of the Company as at the date of the New Subscription Agreement; and (ii) approximately 50.01% of the issued share capital of the Company as at the date of the New Subscription Agreement as enlarged by the allotment and issue of the conversion shares upon full conversion of the New Convertible Bonds.

The issuance of the New Convertible Bonds was approved by the Shareholders at the extraordinary general meeting held on 19 April 2022 and approved by the Stock Exchange on 22 April 2022. The issuance of the New Convertible Bonds was completed on 28 April 2022.

None of the rights attached to the New Convertible Bonds have been exercised and no conversion shares have been allotted or issued from the conversion of the New Convertible Bonds during the year ended 31 December 2023.

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

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

Issuance of 2023 Convertible Bonds

On 20 December 2022, the Company and three individual subscribers entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and (i) Mr. Xu Yingjie ("**Mr. Xu**") conditionally agreed to subscribe for the convertible bonds (the "**2023 Convertible Bonds**") in the principal amount of HK$9,769,920; (ii) Mr. Cao Zhiwei conditionally agreed to subscribe for the 2023 Convertible Bonds in the principal amount of HK$4,884,880 and (iii) Ms. Chen Li conditionally agreed to subscribe for the 2023 Convertible Bonds in the principal amount of HK$4,885,200. The 2023 Convertible Bonds are in the aggregate principal amount of HK$19,540,000 due in 2026 at an interest rate of 7% per annum, with the conversion rights to convert the principal amount of the 2023 Convertible Bonds into shares at an initial conversion price of HK$0.06 per conversion share. The conversion shares under the 2023 Convertible Bonds will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 16 June 2022.

Assuming full conversion of the 2023 Convertible Bonds, a total of 325,666,666 new shares of the Company, being the conversion shares, would be allotted and issued, representing (i) approximately 15.89% of the issued share capital of the Company as at the date of the subscription agreement; and (ii) approximately 13.71% of the issued share capital of the Company as at the date of the subscription agreement as enlarged by the allotment of issue of the conversion shares upon full conversion of the 2023 Convertible Bonds.

The net proceeds from the issuance of 2023 Convertible Bonds are estimated to be approximately HK$19,400,000, which is intended to be used as to (i) approximately HK$6,000,000 for general working capital of the Group; and (ii) the remaining amount of approximately HK$13,400,000 for the repayment of the Group's loans.

The issuance of the 2023 Convertible Bonds was completed on 6 February 2023 and the aggregate principal amount of HK$19,540,000 were issued to Mr. Xu, who is the sole subscriber of the 2023 Convertible Bonds. The approval for the listing of, and permission to deal in, the conversion shares upon the exercise of the 2023 Convertible Bonds has been granted by the Stock Exchange.

On 21 April 2023, the Company received a conversion notice from Mr. Xu in respect of the exercise of the conversion rights attached to the 2023 Convertible Bonds with the principal amount of HK$19,540,000 at the initial conversion price of HK$0.06 per conversion share. As a result, on 28 April 2023, the Company allotted and issued 325,666,666 conversion shares to Mr. Xu.

Further details of the issuance of the 2023 Convertible Bonds are set out in the announcements of the Company dated 20 December 2022, 6 February 2023 and 28 April 2023.

Capital Reorganisation

Share Consolidation

The consolidation of the issued and unissued existing shares in the share capital of the Company (the "**Share Consolidation**") on the basis of five (5) ordinary shares of HK$0.01 each prior to the Share Consolidation (the "**Existing Share(s)**") into one (1) ordinary share of HK$0.05 each after the Share Consolidation (the "**Consolidated Share(s)**") became effective on 6 July 2023.

Authorised Share Capital Increase

With effect from 6 July 2023, the authorised share capital of the Company was increased from HK$100,000,000 before Share Consolidation to HK$500,000,000 divided into 10,000,000,000 Consolidated Shares of a par value of HK$0.05 each, by the creation of 8,000,000,000 Consolidated Shares of a par value of HK$0.05 each.

Change in Board Lot Size

The board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares became effective on 6 July 2023. Further details of the above are set out in the announcements of the Company dated 12 May 2023 and 4 July 2023 and the circular of the Company dated 14 June 2023.

Rights Issue

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

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

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

	Intended use of the net proceeds *(HK$ million)*	Actual use of the net proceeds up to 31 December 2023 *(HK$ million)*	Unutilised net proceeds up to 31 December 2023 *(HK$ million)*
Repayment of the Corporate Bonds	92.0	29.7	62.3
Repayment of the Notes	70.0	61.8	8.2
Future business development	27.8	1.0	26.8
General working capital	21.2	21.2	—
Total	211.0	113.7	97.3

Capital Raising

Save as disclosed in this report, the Group did not have other capital raising activity during the year ended 31 December 2023.

Share Option Scheme

On 29 January 2021, 179,900,000 share options were granted by the Company at the exercise price of HK$0.18 per share. Subsequent to the Share Consolidation and Rights Issue with effect from 22 August 2023, the number of shares to be issued upon exercise of the outstanding share options was adjusted to 59,295,040 shares at the exercise price of HK$0.546 per share.

Further details are set out in the section headed "Share Option Scheme" in this report and also in the announcements of the Company dated 29 January 2021 and 21 August 2023.

Material Acquisition and Disposal

Save as disclosed in this report, there were no material acquisition and disposal of subsidiaries and associated companies by the Group for the year ended 31 December 2023.

Investment in CH-Auto Technology

On 10 December 2021, the Company and CH-Auto Technology Corporation Ltd.* (北京長城華冠汽車科技股份有限公司) ("**CH-Auto Technology**"), its wholly-owned subsidiary, and its shareholder entered into the subscription agreement (the "**CH-Auto Technology Subscription Agreement**") pursuant to which the Company will subscribe for not more than 4% of the equity interests in CH-Auto Technology. The entering into the CH-Auto Technology Subscription Agreement constitutes a discloseable transaction of the Company under the Listing Rules. The Company shall contribute not less than RMB20 million and up to RMB70 million in aggregate to subscribe for certain shares of CH-Auto Technology, the actual number and per share price of which shall be determined based on the pre-fundraising valuation of CH-Auto Technology and the total funds raised by CH-Auto Technology in the round of fundraising of which the CH-Auto Technology Subscription Agreement forms part of, but shall in any case be not more than 4% of CH-Auto Technology total issued share capital.

The Company paid RMB20 million to CH-Auto Technology in December 2021 for the subscription. CH-Auto Technology's pre-fundraising valuation was RMB2 billion. Such valuation was agreed between the investors and CH-Auto Technology, based largely on previous valuations of CH-Auto Technology conducted by an independent valuer in April 2019. No new valuation report was made for the pre-fundraising valuation as at the material time, the vehicle and vehicle parts and components production of CH-Auto Technology had been significantly scaled down.

CH-Auto Technology is a company incorporated in the PRC with limited liability which was previously listed on the National Equities Exchange and Quotations ("**NEEQ**") of the PRC (NEEQ: 833581, voluntarily delisted on 19 April 2019). Established in 2012, it is principally engaged in vehicle design and development services, vehicle production and sales, and vehicle research and development.

On 28 February 2023, (i) the Company and CH-Auto Technology, its wholly-owned subsidiary, and its shareholder, have entered into a supplemental agreement to mutually agree to terminate the CH-Auto Technology Subscription Agreement with effect from 28 February 2023, for the purpose of potential overseas listing of CH-Auto Technology; and (ii) Chengde Ruifeng Renewable Energy Windpower Equipment Co. Ltd* (承德瑞風新能源風電設備有限公司) ("**Chengde Ruifeng**"), a wholly-owned subsidiary of the Company, and CH-Auto Technology entered into the capital injection agreement (the "**CH-Auto Technology Capital Injection Agreement**") to substitute the CH-Auto Technology Subscription Agreement. The entering into the CH-Auto Technology Capital Injection Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

* *For identification purposes only*

Pursuant to the CH-Auto Technology Capital Injection Agreement, Chengde Ruifeng shall contribute an aggregate amount of RMB20 million to subscribe for 8,000,000 shares of CH-Auto Technology, which represents approximately 0.86% of CH-Auto Technology's total issued share capital subsequent to the capital injection.

Further details of the investment in CH-Auto Technology are set out in the announcements of the Company dated 10 December 2021, 14 December 2021, 12 January 2022, 28 February 2023 and 23 March 2023.

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 year ended 31 December 2023, nil has been paid by the Lessor. Up to the date of this report, an aggregate consideration of RMB1,400,000,000 has been received by the Lessee, and the Lessee is in negotiation with the Lessor for the payment of the remaining balances of the consideration.

* *For identification purposes only*

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

Pledge of Assets

As at 31 December 2023, the Group has pledged certain property, plant and equipment and certain leasehold land including in right-of-use assets with a carrying value of approximately RMB638,234,000 (31 December 2022: approximately RMB764,433,000), and trade and other receivables with a carrying value of approximately RMB222,797,000 (31 December 2022: approximately RMB164,816,000) as security for the borrowings obtained by the Group. As at 31 December 2023 and 31 December 2022, the issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2023 and 31 December 2022, the Group had no material contingent liabilities.

Significant Events Occurred Since the end of the Reporting Period

Save as disclosed in this report, there were no significant events occurred since the end of the Reporting Period.

Employees

As at 31 December 2023, the Group had approximately 136 full-time employees (2022: approximately 127 employees) in Hong Kong and the PRC in respect of the Group's operations. For the year ended 31 December 2023, the relevant staff costs (including Directors' remuneration) were approximately RMB44,382,000 (2022: approximately RMB43,277,000). 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.

Winding-up Petition

On 21 October 2022, the Company received a winding-up petition (the "**Petition**") presented by one of the subscribers of the Company's Corporate Bonds, namely Ms. Hu Chunmei (the "**Petitioner**"), against the Company to the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court**") for the winding up of the Company under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petitioner alleged that the Company is indebted to the Petitioner in the sum of RMB500,000, which arose from a default of payment by the Company as the issuer of such Corporate Bonds issued to the Petitioner as the subscriber on 30 December 2014. Trading of Shares has been halted on 10 November 2022 and resumed on 11 November 2022. The Company received a court order from the High Court in terms of the Consent Summons filed herein dated 8 December 2022. The High Court ordered, among other things, that the Petition has been withdrawn.

Further details of the Petition are set out in the Company's announcements dated 10 November 2022, 15 November 2022 and 20 January 2023.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Yuan Wanyong (袁萬永) ("Mr. Yuan"), aged 53, is the chairman (the "**Chairman**") of the Company and an executive Director. He was appointed as an executive Director on 8 June 2023.

Mr. Yuan graduated from Hebei University of Architecture with a bachelor's degree in the Department of Mechanical and Electrical Engineering. Mr. Yuan is a senior engineer and a member of the Communist Party of the PRC. Mr. Yuan started his own business after graduation and established a company in the PRC, namely Ever Bright Real Estate Group Company Limited ("**Ever Bright Real Estate**") (永昌地產集團有限公司). Mr. Yuan currently holds an 80% equity interest in Ever Bright Real Estate, which is a multinational company with its headquarter in the PRC. The principal businesses of its subsidiaries include property development, sports management, cultural tourism, trading and renewable energy. Mr. Yuan is currently the chairman, general manager and legal representative of Ever Bright Real Estate and is the director, legal representative and senior management of subsidiaries of Ever Bright Real Estate.

Reference is made to the announcement of the Company dated 8 June 2023 in relation to, among other things, the appointment of Mr. Yuan (the "**Appointment Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Appointment Announcement. On 6 June 2023 (after trading hours), the Assignors and Mr. Yuan as the second assignee entered into the Second Deed of Assignment, pursuant to which Mr. Yuan is entitled to acquire the 80% of the Assignors' respective rights and interests (including the Assets and the Assigned Interest) under the Assigned Contracts and the Debts pursuant to the Facility Agreement and the Security Documents if the Account Charge has become enforceable. The total consideration for such acquisition is HK$240 million which shall be paid in the manner set out in the Second Deed of Assignment.

Mr. Zhang Zhixiang (張志祥) ("Mr. Zhang"), aged 56, 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 216,206,900 shares, representing approximately 13.01% of the issued share capital of the Company as at 31 December 2023. Mr. Zhang is also the sole beneficial owner of the share capital in Filled Converge which holds the New Convertible Bonds issued by the Company in the principal amount of HK$356,375,000. Assuming the conversion right of the New Convertible Bonds were exercised in full, the total of 494,278,779 new shares will be issued to Filled Converge, representing approximately 29.73% of the total issued shares of the Company as at 31 December 2023.

Mr. Ning Zhongzhi (寧忠志) ("Mr. Ning"), aged 60, 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Qu Weidong (屈衛東) ("Mr. Qu"), aged 57, 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 55, 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 52, 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 is an independent non-executive director of Wan Kei Group Holdings Limited (stock code: 1718) since 7 September 2023. 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 55, 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 43, is the secretary of the Board of Hongsong. He is mainly responsible for the Board and the administrative management of the Group. Mr. Fan was 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 since 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 2023 (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 15 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the current year 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 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 90 to 91 of this report.

PROPOSED FINAL DIVIDEND

The Directors did not recommend the payment of dividends for the year ended 31 December 2023 (2022: 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 194 of this report.

PROPERTY, PLANT AND EQUIPMENT

During the current year, the Group acquired property, plant and equipment in the amount of approximately RMB3,684,000 (2022: approximately RMB1,167,000). Details of movements in the property, plant and equipment of the Group during the current year are set out in note 16 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 27 to the consolidated financial statements.

DONATIONS

No charitable or other donations were made by the Group during the current year (2022: Nil).

RESERVES

Details of movements in the reserves of the Company during the current year are set out in note 37 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 2023 amounted to approximately RMB Nil.

DIRECTORS

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

Executive Directors

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

Independent non-executive Directors

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

In accordance with article 112 of the articles of association of the Company (the "**Articles of Association**"), Mr. Yuan Wanyong, being the newly appointed Director during the year shall hold office until the forthcoming annual general meeting (the "**AGM**") and, being eligible, offer himself for re-election as Director. In accordance with Article 108(a) of the Articles of Association, Mr. Ning Zhongzhi and Mr. Jiang Senlin shall retire by rotation at the forthcoming 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 26 to page 28 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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and as at the date of this report, the Company still considers all the independent non-executive Directors to be independent.

FINANCIAL ASSISTANCE

The Company has provided financial assistance to independent third parties during the years ended 31 December 2022 and 2023. Details of the financial assistance provided by the Company are set out in the sections headed "Loan Receivables", "Other Receivables", "Impairment Assessment of Loan Receivables and Other Receivables" and "Action Plan for Loan Receivables and Other Receivables" on page 12 to page 16 of the management discussion and analysis and note 24 to the consolidated financial statements. Please refer to the announcements of the Company dated 29 November 2021 and 10 December 2021 for details.

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 disclosed in note 34 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 29(a) to the consolidated financial statements. As at 31 December 2023, 56,658,240 share options under the Share Option Scheme were outstanding (2022: 179,900,000 share options).

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 2023, 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 C3 to the Listing Rules:

Long positions in shares and underlying shares of the Company

		Number of shares/underlying shares				
Name of Director	Capacity	Corporate interests	Convertible Bonds	Share options *(Note 1)*	Total	Approximate percentage of shareholdings *(Note 4)*
Zhang Zhixiang ("**Mr. Zhang**")	Beneficial owner/ Interest of controlled corporation	216,206,900 *(Note 2)*	494,278,779 *(Note 3)*	6,493,120	716,978,799	43.13%
Mr. Ning Zhongzhi	Beneficial owner	—	—	6,493,120	6,493,120	0.39%
Mr. Qu Weidong	Beneficial owner	—	—	1,713,920	1,713,920	0.10%
Ms. Hu Xiaolin	Beneficial owner	—	—	1,713,920	1,713,920	0.10%
Mr. Jiang Senlin	Beneficial owner	—	—	1,713,920	1,713,920	0.10%

Notes:

1 These shares were the shares which would be allotted and issued upon exercise in full of the share options granted to such Director under the share option scheme of the Company, details of which are provided in the section headed "Share Option Scheme" in this report.

2. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era. As at 31 December 2023, Diamond Era was interested in 216,206,900 shares. Rights issue of the Company's shares was completed and became effective on 22 August 2023. Mr. Zhang is deemed, or taken to be, interested in the shares of the Company in which Diamond Era is interested for the purpose of the SFO.

3. Filled Converge is wholly-owned by Mr. Zhang which holds the New Convertible Bonds issued by the Company in the principal amount of HK$356,375,000. Assuming the conversion right of the New Convertible Bonds were exercised in full, the total of 494,278,779 new shares will be issued to Filled Converge, representing approximately 29.73% of the total issued shares of the Company as at 31 December 2023.

4. Based on the total number of issued shares (i.e. 1,662,365,223 shares) of the Company as at 31 December 2023.

(b) Interests of substantial Shareholders and other persons

As at 31 December 2023, save as disclosed below, the Directors were not aware of any person (other than the Directors or chief executives of the Company) who had any interest or short position in the Shares or underlying Shares 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)*	216,206,900	Beneficial owner	Long	13.01%
Filled Converge *(Note 2)*	494,278,779	Beneficial owner	Long	29.73%
Xu Yingjie *(Note 3)*	227,966,663	Beneficial owner	Long	13.71%

Notes:

1. As at 31 December 2023, Diamond Era was interested in 216,206,900 shares. Diamond Era is wholly-owned by Mr. Zhang, an executive Director.

2. Filled Converge is wholly-owned by Mr. Zhang which holds the New Convertible Bonds issued by the Company in the principal amount of HK$356,375,000. Assuming the conversion right of the New Convertible Bonds were exercised in full, the total of 494,278,779 new shares of the Company will be issued to Filled Converge, representing approximately 29.73% of the total issued shares of the Company as at 31 December 2023.

3. On 28 April 2023, 325,666,666 shares were issued and alloted to Mr. Xu Yingjie under the general mandate granted on 16 June 2022 in respect of the exercise of the conversion rights attached to the 2023 Convertible Bonds, and rights issue of the Company's shares was completed and became effective on 22 August 2023.

4. Based on the total number of issued shares (i.e. 1,662,365,223 shares) of the Company as at 31 December 2023.

CONNECTED TRANSACTIONS

Save as otherwise disclosed in this report, and paragraph headed "Issuance of New Convertible Bonds", all the related party transactions in 2023 as disclosed in note 34 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 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

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	23%
— five largest suppliers	62%

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 31 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 29(a) 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.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

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 to ensure its compliance with the legal and regulatory requirements in both the PRC and 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 the applicable laws, rules and regulations are brought to the attention of the relevant employees and operation units from time to time.

As far as the Board and management of the Company are aware of, there has been no material non-compliance with the applicable laws and regulations by the Group, which may cause a significant impact on its business and operation.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company emphasises 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.

SIGNIFICANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD

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

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 2023.

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" section of this report.

AUDITORS

The accounts for the year ended 31 December 2020 were audited by ZHONGHUI ANDA CPA Limited, who has resigned as the auditors of the Company with effect from 6 January 2022.

The accounts for the years ended 31 December 2021, 31 December 2022 and 31 December 2023 were audited by Linksfield CPA Limited, who was appointed as the auditors of the Company with effect from 6 January 2022. A resolution will be proposed to the Shareholders at the forthcoming AGM to re-appoint Linksfield CPA Limited as the auditors of the Company.

Save as disclosed above, there was no other change in auditors of the Company during the past three years.

On behalf of the Board

Yuan Wanyong
Chairman

Hong Kong
28 March 2024

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 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 abode by a high level of code of practice. Accordingly, the Company has adopted and applied high standard of corporate governance principles that provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all Shareholders and also meeting the expectations of the Group's various stakeholders. 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 Part 2 of Appendix C1 to the Listing Rules, except for the deviations from Code Provisions as described below:

Under Code Provision C.1.6, 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. Li Tian Hai (resigned on 1 June 2023) and Mr. Peng Ziwei (resigned on 1 June 2023) did not attend the annual general meeting held during the year ended 31 December 2023.

Under Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Prior to the appointment of Mr. Yuan as the Chairman on 8 June 2023, there has been no 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.

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. 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 2023.

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 2023.

CONSTITUTIONAL DOCUMENT

During the Reporting Period, the Company has made certain amendments to its memorandum of association and articles of association ("**Memorandum and Articles**") to conform with the changes to Appendix 3 of the Listing Rules regarding the core shareholder protection standards which became effective on 1 January 2022 and make other consequential and housekeeping changes. The amendments to the Memorandum and Articles were approved by the Shareholders of the Company at the annual general meeting of the Company held on 1 June 2023. Please refer to the announcement of the Company dated 8 May 2023 and circular of the Company dated 8 May 2023 in relation to, among other things, the details of the proposed amendments to the Memorandum and Articles. An up-to-date version of the Memorandum and Articles is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the second amended Memorandum and Articles for further details of their rights.

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, coordinate 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 C.1.8.

The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1. 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 and the disclosure requirements therein.

COMPOSITION AND APPOINTMENT

Composition

As at the date of this report, the Board comprises six Directors, of whom three are executive Directors and three are independent non-executive Directors. The composition of the Board during the year ended 31 December 2023 and up to the date of this report is as follows:

Executive Directors

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

Independent Non-executive Directors

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

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 Articles of Association.

Mr. Yuan Wanyong has obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules and has confirmed that he understood his obligations as a Director of the Company.

The details of the biographies of the existing Directors are set out in the section headed "Biographies of Directors and Senior Management" on page 26 to page 28 of this report.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, during the year ended 31 December 2023, 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 2023, 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 43.13% of the issued share capital of the Company as at 31 December 2023 assuming full exercise of the conversion rights attached to the New Convertible Bonds issued by the Company.

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 2023, the Board held 6 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 2023, the attendance record of each Director at the Board and the general meetings of the Company held during the year ended 31 December 2023 is set out in the table below:

	Number of meetings attended/held	
Director's name	**Board**	**General**
Executive Directors		
Mr. Yuan Wanyong *(Chairman) (appointed on 8 June 2023)*	1/1	0/1
Mr. Zhang Zhixiang *(Chief Executive Officer)*	4/4	2/2
Mr. Ning Zhongzhi	4/4	2/2
Mr. Li Tian Hai *(resigned on 1 June 2023)*	4/4	0/1
Mr. Peng Ziwei *(resigned on 1 June 2023)*	4/4	0/1
Independent non-executive Directors		
Mr. Qu Weidong	4/4	2/2
Ms. Hu Xiaolin	4/4	1/2
Mr. Jiang Senlin	4/4	2/2

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 CONTINUOUS 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 Reporting Period, 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 were held during the Reporting Period.

According to the records provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2023 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. Yuan Wanyiong *(Chairman) (appointed on 8 June 2023)*	✓
Mr. Zhang Zhixiang *(Chief Executive Officer)*	✓
Mr. Ning Zhongzhi	✓
Mr. Li Tian Hai *(resigned on 1 June 2023)*	✓
Mr. Peng Ziwei *(resigned on 1 June 2023)*	✓
Independent non-executive Directors	
Mr. Qu Weidong	✓
Ms. Hu Xiaolin	✓
Mr. Jiang Senlin	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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. Prior to the appointment of Mr. Yuan as the Chairman on 8 June 2023, there has 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. One meeting was held by the Chief Executive Officer and the independent non-executive Directors, without the presence of other Directors during the Reporting Period to discuss and review the performances of the executive Directors.

AUDITOR'S REMUNERATION

During the year ended 31 December 2023, the amount of fee paid or payable to the auditors of the Group, Linksfield CPA Limited, was as follows:

Type of service	Fee
Audit services	HK$1,500,000
Non-audit services	HK$1,170,000

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 2023, 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 83 to 89 of this report.

The accounts for the year ended 31 December 2023 were audited by Linksfield CPA Limited whose term of office will expire upon the AGM. The Audit Committee has recommended to the Board that Linksfield 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 is the governing body of inside information. In order to standardise 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, 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 unauthorised 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 the reports on compliance with the risk management policy with the management annually;
- 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 conducted in line with our risk management policy, taking the changes in external environment and the Group's risk tolerance level into consideration.

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 Audit 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 Reporting Period 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 2023 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 Reporting Period. The attendance record of the Audit Committee meetings is 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 2023. 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 Reporting Period, 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 websites of the Stock Exchange and the Company.

The Remuneration Committee held two meetings during the Reporting Period, at which the Remuneration Committee reviewed, discussed and determined the remuneration policy and the remuneration of the Directors and the senior management during the Reporting Period. The attendance record of the Remuneration Committee meetings is as follows:

Name of member	Number of Remuneration Committee meeting attended/Number of meeting held	Title
Ms. Hu Xiaolin *(chairman of the Remuneration Committee)*	2/2	Independent non-executive Director
Mr. Zhang Zhixiang	2/2	Executive Director and Chief Executive Officer
Mr. Qu Weidong	2/2	Independent non-executive Director
Mr. Jiang Senlin	2/2	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 2023, there was no arrangement in which the Directors waived their remuneration.

Details of Directors' remuneration are set out in note 10 to the consolidated financial statements.

Senior management's remuneration payment of the Group in the year ended 31 December 2023 falls within the following bands:

	Number of Individuals
RMB1,000,000 or below	0
RMB1,000,001 to RMB2,000,000	3

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 roles and functions 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, reviewing the nomination procedures and the process and criteria for selection and recommendation of candidates for directorship, 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 two meetings during the Reporting Period. The attendance record of the Nomination Committee meetings is as follows:

Name of member	Number of Nomination Committee meeting attended/Number of meeting held	Title
Mr. Qu Weidong *(chairman of the Nomination Committee)*	2/2	Independent non-executive Director
Mr. Zhang Zhixiang	2/2	Executive Director and Chief Executive Officer
Ms. Hu Xiaolin	2/2	Independent non-executive Director
Mr. Jiang Senlin	2/2	Independent non-executive Director

During the Reporting Period, the Nomination Committee adopted a diversity policy setting out the approach to diversify the members of the Board. The Company recognises and embraces the benefits of having a diversified 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.

BOARD DIVERSITY

The Board has established a policy setting out the approach to achieve diversity on the Board with the aims of enhancing Board effectiveness and corporate governance as well as achieving better performance of the Company. The Board believes that a board of directors with a diverse composition will enable the Company to, in a more efficient manner, improve the work quality of the Board, understand and meet customer needs and enhance decision making ability of the Board. In selecting candidates, the Board, Nomination Committee and Remuneration Committee consider a large number of factors including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge and years of service, in order to achieve the diversity of members of the Board. The Nomination Committee and Remuneration Committee report annually on the composition of the Board from the perspective of diversity. The Board considers that the current structure and composition of the Board is appropriate to enable it to carry out its responsibilities of leadership and monitoring of the Company.

As at 31 December 2023, the Board comprised 6 Directors, of whom 5 were male and 1 was female. The Board members are diverse in terms of gender, education background, professional experience, skills, knowledge and service term.

GENDER DIVERSITY OF WORKFORCE

As at 31 December 2023, the Group had approximately 136 employees (including executive Directors and senior management), approximately 15% of whom were female. The Board regularly assesses the Group's diversity profile of all levels of employees and considers the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. The Board considers that the gender ratio of the workforce of the Group, including the Senior Management, is appropriate for the operations of the Group and will strive to maintain this ratio.

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 advice 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 2023.

INVESTORS RELATIONS

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.

Save as disclosed in this report, during the year ended 31 December 2023, 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 website. Shareholders can raise questions directly to the Board in respect of the performance and future development of the Group at annual general meetings.

The Company has conducted a review of the implementation and effectiveness of the Shareholder's communication policy during the Reporting Period. To promote effective communication, the Company maintains a website at www.c-ruifeng.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company or via email to ir@c-ruifeng.com for any enquiries. With the above measures in place, the Shareholder's communication policy is considered to have been effectively implemented.

Procedures for directing Shareholders' enquiries to the Board

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

China Ruifeng Renewable Energy Holdings Limited
Room 2801–2804, 28/F,
Office Tower, Convention Plaza,
1 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

SCOPE AND REPORTING PERIOD

This is the Environmental, Social, and Governance ("**ESG**") report prepared by China Ruifeng Renewable Energy Holdings Limited, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix C2 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of its main project, Hongsong Wind Farm, Hebei, the People's Republic of China from 1 January 2023 to 31 December 2023 (the "**Reporting Period**"), unless otherwise stated.

REPORTING PRINCIPLES

The preparation of the ESG Report has applied the following principles:

Materiality — materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section "Stakeholder Engagement and Materiality" in the ESG Report.

Quantitative — key performance indicators ("**KPIs**") have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance — performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency — consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group communicates with key internal and external stakeholders through daily interaction to understand their concerns and expectations on ESG issues. The Group engages stakeholders via various communication channels such as regular meetings and seminars, annual financial and ESG reports, hotline, email, website and site visits. Through regular engagement sessions, the Group obtains valuable feedback and reviews areas of attention which will help the business to meet its potential growth and be prepared for future ESG challenges. The detailed stakeholder engagement methods are shown in the following table.

Stakeholders	Concerns	Methods of Engagement
Shareholders and Investors	• Corporate governance system • Information disclosure and transparency • Protection of interests and fair treatment to shareholders • Investment returns	• Issue timely announcements and circulars • Annual shareholder meeting • Publish financial and ESG reports • The Group's website and email
Employees	• Career development opportunities • Health and safety • Remuneration and benefits • Working environment	• Training and employees-caring activities • Seminars and briefing sessions • Staff appraisals • Intranet and emails
Customers	• Stable relationship • Product and service quality • Customer privacy protection • Business integrity and ethics	• The Group's website • Customer support hotline and email
Suppliers and partners	• Fair tendering • Business ethics and reputation • Long-term partnership	• Regular meetings, emails and phone calls • Review and assessment
Government and regulatory authorities	• Compliance with rules and laws • Implementation of policies • Payment	• Compliance advisor • On-site inspections • Financial reports • Website • Legal advisor
The community and non-governmental organisations	• Giving back to society • Environmental protection • Social welfare • Health and safety	• Voluntary and charitable activities • ESG reports

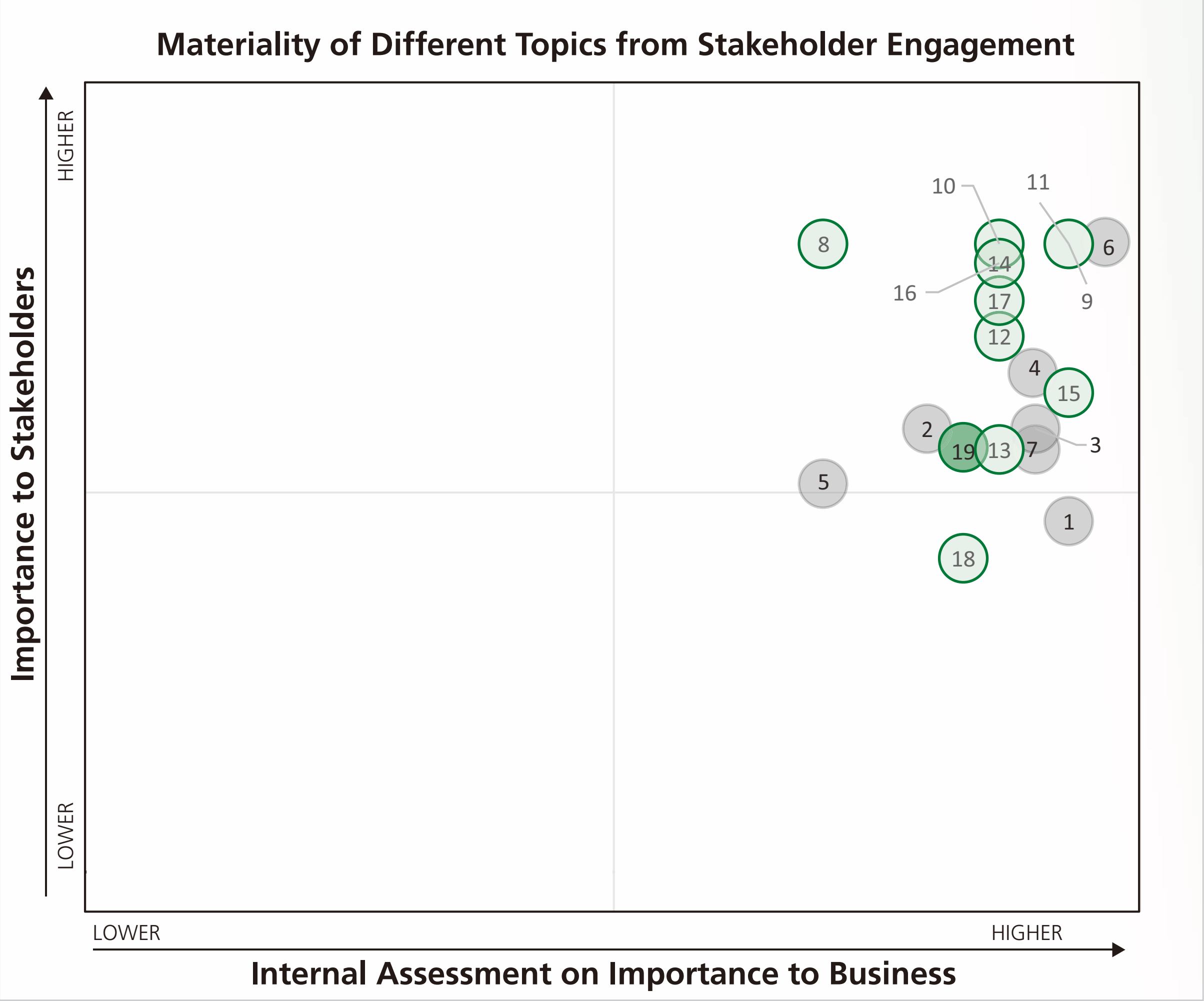
To determine the Group's material sustainability issues, the Group has hired a professional consultant to perform a stakeholder engagement exercise. The Group revised its list of major issues through this effort, and revisited them in light of its current business operations and the expectations of various stakeholders.

MATERIALITY ASSESSMENT

To identify material ESG issues, the Group has specifically engaged a wide range of stakeholders, including the Board of Directors(the "**Board**"), Shareholders, senior management, frontline workers, clients and suppliers to gain insights into ESG material topics. In the materiality assessment, stakeholders were asked to rate a list of 19 ESG topics in terms of their relevance and importance to the Group's business continuity and sustainability performance and the wider community.

Results of the materiality assessment and the consolidated list of material aspects with respective management are presented in below. Management of the material aspects is discussed in relevant sections of this report.

Figure 1 Materiality Matrix



ENVIRONMENTAL AND SOCIAL ISSUES FOR MATERIALITY ASSESSMENT

Environmental		Social		Others	
1	Energy	8	Employment	19	Site Selection of Wind Farm
2	Water	9	Occupational Health and Safety		
3	Air Emission	10	Development and Training		
4	Waste and Effluent	11	Labour Standards		
5	Other Raw Materials Consumption	12	Supply Chain Management		
6	Environmental Protection Policies	13	Intellectual Property Rights		
7	Climate Change	14	Data Protection		
		15	Customer Service		
		16	Product/Service Quality		
		17	Anti-corruption		
		18	Community Investment		

Through ongoing dialogue and materiality assessment during the Reporting Period, the Group has identified 6 material issues that were deemed as the most important by the stakeholders:

- Environmental Protection Measures
- Occupational Health and Safety
- Labour Standards
- Development and Training
- Data Protection
- Product/Service Quality

The Group actively maintains communication with different stakeholders through the communication procedure on different ESG issues. The Group will continue to manage these critical issues by establishing more policies and guidelines to further enhance the Group's ESG performance.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our ESG approach and performance. Any suggestions or views can be sent by email at ir@c-ruifeng.com.

The Board Statement

The Board of Directors holds the ultimate responsibility on monitoring the Group's ESG issues, including ESG management approach, strategy, and policies. In order to manage the Group's ESG performance and identify potential risks efficiently, the Board conducts materiality assessment where necessary with the assistance of the ESG working group to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders. The Group has been engaging with its stakeholders to deliver more sustainable outcomes and services that align with their expectations.

The ESG working group, composed of core members from different departments, is established to facilitate the Board's oversight of ESG matters. The ESG working group is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports. The ESG working group arranges meetings when required to evaluate the effectiveness of current policies and procedures and formulate appropriate solutions to improve the overall performance of ESG policies. At meetings, the ESG working group discussed the existing and upcoming plans to monitor and manage the Group's strategic goals in terms of sustainable development, mitigate climate-related risks, and minimise their negative impacts on the Group's business operations. By setting ESG-related targets to minimise the environmental impacts of the Group's operation, the Group affirmed its commitment to embedding sustainability into the business operation and fulfilling its corporate responsibility. The ESG working group would report to the Board, assist in assessing and identifying the climate-related risks and opportunities, evaluate the implementation and effectiveness of the internal control mechanism, and review the progress of achieving the ESG-related targets. For detailed information on climate-related risks and opportunities identified by the Group, please refer to the "A4. Climate Change" section.

In order to strengthen the knowledge of ESG within the Board and its management ability on the Group's ESG issues in the long term, the Board has arranged regular ESG training for directors, senior management and finance department during the Reporting Period.

Message From the Chairman

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

Our business units have various sustainable development principles integrated into 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 thanks 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 of the wind power business and leverage 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.

A. Environmental

The Group is highly conscious of balancing development and environmental protection to maintain a sustainable society. The Group is committed to continuously improving its environmental sustainability and ensuring environmental consideration remains one of the top priorities through its business operation.

The Group stringently complies with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to:

- Energy Conservation Law of the PRC;
- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Water Pollution;
- Law of the PRC on Prevention and Control of Air Pollution; and
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas ("**GHG**") emissions and generation of hazardous and non-hazardous waste was identified during the Reporting Period.

A1. Emissions

A1.1 Air Emissions

Private cars, light and heavy goods vehicles and other mobile machinery were used for daily business operations, with the vehicles running on petrol and diesel. In addition, diesel was also used in the canteen. Their combustion generated several air emissions ("**non-GHG**"), including nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and respiratory-suspended particles ("**PM**").

Types of exhaust gas	Unit	2023	2022
NOx	kg	270.79	225.01
SOx	kg	1.76	0.97
PM	kg	25.80	21.62

Note 1: Emission factors for calculations on environmental parameters were made with reference to Appendix C2 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

A1.2 GHG Emissions

During the Reporting Period, the Group's business activities contributed to GHG emissions of 1,445 tonnes of carbon dioxide equivalent ($tCO_2e.$), and the overall intensity of the GHG emissions for the Group was 1.90 $tCO_2e./GWh$ of the total amount of wind power generated.

The GHG emissions reported include the following activities and scopes:

- Direct (scope 1) GHG emissions from the consumption of stationary and mobile sources and release of refrigerants from the operation of equipment and systems;
- Indirect energy (scope 2) GHG emissions from purchased electricity; and
- Other indirect (scope 3) GHG emissions from municipal freshwater and sewage processing and paper waste disposed at landfills.

GHG Emissions by Scope

Scope of GHG emissions	Emission sources	GHG Emission (in $tCO_2e.$) 2023	GHG Emission (in $tCO_2e.$) 2022	GHG Emission Intensity 2023	GHG Emission Intensity 2022
Scope 1 Direct emissions	Combustion of fuels in stationary sources (LPG)	N/A	0.45	1.90	3.18
	Combustion of fuels in stationary sources (Diesel)	4.44	4.58		
	Combustion of fuels in mobile sources	305.88	165.93		
	Release of refrigerants from the operation of equipment and systems	88.98	88.98		
Scope 2 Energy indirect emissions	Purchased electricity	1,039.73	1,846.80		
Scope 3 Other indirect emissions	Electricity used for freshwater processing	3.02	2.86		
	Electricity used for sewage processing	1.52	1.40		
	Paper waste disposed at landfills	1.44	1.26		
Group total		1,444.98	2,112.26		

Note 2: Emission factors were made reference to Appendix C2 to the Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 3: The emission factor of 0.5703 kg CO_2e/kWh was used for purchased electricity in the PRC, which was made reference to The Ministry of Ecology and Environment of the People's Republic of China 2022.

Note 4: Scope 3 GHG emissions were calculated based on available emission factors referred by the Appendix C2 to the Listing Rules and their referred documentation.

The wind power generated in the Group's operation can avoid the GHG emissions produced by the combustion of fuels. During the Reporting Period, the amount of GHG emissions can be avoided by wind power generated by Hongsong Wind Farm was as follows:

	Unit	2023
The total amount of wind power generated	MWh	761,940
GHG emissions avoided	tCO_2e	434,534

Note 5: The GHG emissions avoid is calculated by the assumption of consuming 761,940 MWh of purchased electricity in the PRC, the emission factor of 0.5703 kg CO_2e/kWh is used with reference to The Ministry of Ecology and Environment of the People's Republic of China 2022.

A1.3 Hazardous Waste

The Group generated a total of 10,348 kg (2022: 13,570) of hazardous waste, mainly waste oil barrels, waste filters and waste gear oil during this Reporting Period. The overall intensity was 13.58 kg/GWh (2022: 20.4 kg/GWh) of the total amount of wind power generated.

Hazardous Waste Generated

Type of hazardous waste	Unit	The amount of hazardous waste
Waste oil barrel	kg	979.5
Waste filter	kg	425.5
Waste gear oil	kg	8,943
The total amount of hazardous waste	**kg**	**10,348**

A1.4 Non-hazardous Waste

The non-hazardous waste generated by the Group was 24,299 kg (2022: 24,262 kg), and the overall intensity was 31.89 kg/GWh (2022: 36.57 kg/GWh) of the total amount of wind power generated.

Note 6: The total amount of non-hazardous waste is estimated by the assumption of generating 2 tonnes of non-hazardous waste every month during the Reporting Period.

A1.5 Measures to Mitigate Emissions and Emission Reduction Targets

The GHG emissions, generated from the Group's daily electricity consumption, petrol, diesel and LPG combustions in vehicles and canteen, are the main source of the Group's carbon footprint. The Group will continue to monitor and disclose the Group's carbon footprint to control the impact of its business operations on the environment. The Group actively adopts the following measures to mitigate GHG emissions:

- Review the GHG emissions of the Group and improve emission reduction plan continuously;
- Conduct regular vehicle inspection and maintenance to enhance vehicle efficiency;
- Educate employees to turn off engines for idling vehicles;
- Eliminate substandard vehicles and regularise the procurement of diesel and petrol for vehicles; and
- Utilise teleconference or video meetings to prevent non-essential business air travel.

The Group has set a target to reduce the total GHG emissions intensity in tCO_2e/GWh by 5% by 2025, with 2021 as the base year. During the Reporting Period, the total GHG intensity was reduced by 51% compared with last year. The Group strives to review and improve GHG emissions reduction measures continuously to maintain GHG emissions reduction efficiency in the long term.

Indicator	2021 baseline	2023	2025 Target
The total GHG emissions intensity (tCO_2e/GWh)	3.88	1.90	The Group has set a target to reduce the total GHG emissions intensity in tCO_2e/GWh by 5% by 2025, with 2021 as the base year.

A1.6 Wastes Reduction Initiatives and Targets

The Group strictly observes national laws and complies with the requirements of the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste and the National Catalogue of Hazardous Wastes in handling both hazardous and non-hazardous waste. Internally, the Group has established various waste management and reduction measures.

The Group advocates waste reduction from the source and follows the 3R waste management strategy to reduce both hazardous and non-hazardous waste generation, reuse and recycle the materials before waste disposal, and achieve the goal of "zero harmless waste". The Group has also adopted the following environmentally friendly initiatives to enhance its waste reduction performance:

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

The hazardous waste generated by the Group's wind farms is mainly the 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. For handling hazardous waste, the Group has strictly adopted the following measures to prevent the leakage of lubricating grease and handle hazardous waste properly:

- Arrange the technicians to inspect, clean and repair the turbine unit regularly;
- Add lubricating grease according to the maintenance requirement of the original factory in order to avoid unnecessary waste grease;
- Set up warehouses to store hazardous wastes with specialized staff to manage the storage of waste grease;
- Classify chemical waste and get them correctly packed and labelled properly for identification purposes before passing them to the entrusted entity for transportation and disposal; and
- Appoint a contractor to handle the materials contaminated with lubricant oil properly, recycle and dispose of the lubricant oil containers in strict accordance with the laws and regulations relating to handling hazardous waste.

The Group has set a waste reduction target to reduce both the non-hazardous wastes intensity in tonnes/GWh by 5% and hazardous wastes intensity in tonnes/GWh by 5% by 2025, with 2021 as the base year. During the Reporting Period, the hazardous waste intensity was reduced by 9%, and the non-hazardous waste intensity remained the same compared with the previous reporting period. The Group strives to review and improve waste reduction measures continuously to maintain waste reduction efficiency in the long term.

Indicator	2021 baseline	2023	2025 Target
The overall total non-hazardous waste generation intensity (tonnes/GWh of the total amount of wind power generated)	The overall total non-hazardous waste generation intensity: 0.032	The overall total non-hazardous waste generation intensity: 0.032	To reduce both the non-hazardous wastes intensity in tonnes/GWh by 5% and hazardous wastes intensity in tonnes/GWh by 5% by 2025, with 2021 as the base year.
The overall total hazardous waste generation intensity (tonnes/GWh of the total amount of wind power generated)	The overall total hazardous waste generation intensity: 0.015	The overall total hazardous waste generation intensity: 0.014	

A2. Use of Resources

A2.1 Energy Consumption

The total energy consumption of the Group was 2,916,017.69 Kilowatt-hours ("**kWh**"), with an overall energy intensity of 3.83 MWh/GWh of the total amount of wind power generated during the Reporting Period. All the total energy consumption of the Group was mainly derived from electricity consumption, combustion of petrol and diesel.

Energy Consumption and Intensity

Direct/indirect energy sources	2023 (MWh)	2022 (MWh)
LPG	N/A	2.09
Petrol	617.26	293.90
Diesel	475.64	314.55
Electricity	1,823.12	3,178.65
The overall total amount of energy consumption	2,916.02	3,789.19
Energy intensity (MWh/GWh)	3.83	5.71

Note 7: Conversion factors were made reference to IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

A2.2 Water Consumption

The total water consumption for the Group was 6,932 m^3, with a water intensity of 9.10 m^3/GWh of the total amount of wind power generated during the Reporting Period. No issues on sourcing water that is fit for purpose were reported.

	2023	2022
The total water consumption (m^3)	6,932	6,681
Water consumption intensity (m^3/GWh)	9.10	10.07

A2.3 Energy Use Efficiency Initiatives and Targets

To consume energy more efficiently, the Group continues to promote energy-saving behaviour among employees. The following energy conservation measures have been implemented:

- Encourage natural lighting in the offices in order to reduce power consumption for lighting during the daytime; Maintain air-conditioned room temperature between 24°C and 26°C in the office;
- Switch off idle office equipment, such as computer displays and printers at the end of the working day;
- Inspect, repair and maintain all equipment regularly to reduce energy wastage due to mechanical ageing;
- Review the energy consumption of the Group and improve the energy-saving plan continuously; and
- The energy-saving measures stated in the "A1.5 Measures to Mitigate Emissions" section.

The Group has set a target to reduce the total energy consumption intensity in MWh/GWh by 5% in 2025, with 2021 as the base year. During the Reporting Period, the total energy consumption intensity was reduced by 25% compared with last year. The Group strives to review and improve energy consumption reduction measures continuously to maintain energy-saving efficiency in the long term.

Indicator	2021 baseline	2023	2025 Target
The total energy consumption intensity (MWh/GWh)	5.10	3.82	To reduce the total energy consumption intensity in MWh/GWh by 5% in 2025, with 2021 as the base year.

A2.4 Water Use Efficiency Initiatives and Targets

The Group strives to increase its water use efficiency and ensures its operations comply with the relevant laws and regulations for the effective use of water. The following water use efficiency measures are implemented:

- 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 use 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";
- Regular inspection of water pipes and related equipment, and handle drips and leaks timely; and
- Review the water consumption of the Group and improve the water-saving plan continuously.

The Group has set a target to reduce water consumption intensity in m^3/GWh by 5% by 2025, with 2021 as the base year. During the Reporting Period, the water consumption intensity decreased by 0.6% compared with last year. The Group strives to review and improve water consumption reduction measures continuously to maintain water-saving efficiency in the long term.

Indicator	2021 baseline	2023	2025 Target
The total water consumption intensity (m^3/GWh)	9.15	9.10	To reduce water consumption intensity in m^3/GWh of the total amount of wind power generated by 5% by 2025, with 2021 as the base year.

A2.5 Packaging Material

The Group did not consume any packaging materials during the Reporting Period.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

The Group realises the responsibility of minimising the adverse impacts on the environment and natural resources through its business operations, and strives to improve and review the environmental measures continuously in order to achieve its best performance of GHG and waste reduction in the long term.

The Group has adopted various environmental protection measures during the construction and operation stages of wind farms. The development and operation of wind farms may cause negative impacts on the ecological environment and nearby residents. For instance, the operation may cause noise pollution, use of land space and marine space. As such, in the course of site selection and construction of a wind farm, the Group will carry out a practical assessment, which considers 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 comply with national environmental protection policies. The Group also abides by the operational requirements, national laws and regulations in order to minimise the potential environmental impact and maximise the benefit of clean wind power.

The Group encourages green procurement strategies by prioritising the use of refrigerators and other electrical equipment with energy efficiency labels, using various environmentally friendly materials such as reusable ink cartridges, recycled papers and secondhanded furniture in order to avoid consumption of excessive resources.

A4. Climate Change

Governance of Climate-related Risks Management

The Board focusing on managing the risks brought by climate change, integrating climate-related issues into the corporate governance process, improving board-level supervision, and leading the management to cope with the climate risk in the existing business processes and the impact on the Group's overall strategy. The climate-related risks management has been integrated into the Group's risk management system. The Board has the responsibility to monitor the effectiveness of its climate-related risks management, discuss, report and formulate related measures within the risk management process, such as the Board meetings, and formulate emergency plans according to the risks identified in order to strengthen its ability to cope with the negative impacts brought from extreme weather emergency conditions. The Group strives to ensure normal production and operations, and maintain the safety of public security and employees' life and property. For detailed information about the ESG governance of the Group, please refer to "The Board Statement" section.

Climate-related Risks Management

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low. Risks are then classified into three overall risk levels, high, medium and low based on the possibility and impact ratings.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

A warming planet creates a wide range of risks for businesses, from disrupted supply chains to rising insurance costs to labour challenges. With the increasing threat of climate change and the associated physical damage, change in market perception and shift in preference of the public towards more environmentally friendly products and services, the financial, reputational and strategic risk implications are becoming increasingly prominent. Climate change will undoubtedly be of increasing concern to the Group and industry as a whole for the foreseeable future. The Group has identified the climate-related risks and opportunities by using the following matrix.

Table 6 Physical and Transition Risks

Climate-related Risk	Time Horizon	Potential financial impacts	Risk level	Trend
		Physical Risks		
Extreme weather	Short term Long term	• Extreme weather events, such as typhoons, storm surges and rainstorms, may cause physical damage to infrastructure, and failure of technology and equipment incur costs on recovery and repair. Recovery and repair can take months or even years. • The Group's capacity and productivity will be reduced under extreme weather events, which leads to a direct negative impact on the Group's revenue.	Medium	Increase
		Transition Risks		
Tightening of climate-related policies	Long term	Tightened environmental policies increase the cost of fulfilling such requirements. It might also raise the operating costs, insurance costs and penalties for noncompliance, such as the change of policies may increase the costs of handling hazardous wastes.	Low	Increase
Cost to transition to lower emissions technology	Long term	Substitution of existing technology and equipment with lower emissions or resource-saving options to comply with the new energy and sustainability standards incur investment and maintenance costs.	Low	Increase
Changing customer behaviour	Medium term	A change in customer or user behaviour and preferences leads to a loss in customer and income if there is a failure to meet stakeholders' expectations on climate risk management and goals.	Low	Increase
Reputation Risk	Medium term	The change in customer or user preferences may increase the chance of receiving negative stakeholder feedback about the existing logistic services. It may affect the reputation of the Group.	Low	Increase

Measures to cope with the climate-related physical and transition risks

1. During extreme weather events, employees are advised to remain in a safe place until it is safe to resume normal activities. The Group continues to enhance internal awareness and training for the Group's professionals regarding climate risk so that the ability of the Group to cope with the negative impacts of extreme weather can be strengthened.

2. The Group has established mitigation plans including flexible working arrangements, and precautionary measures such as regular inspection of office premises.

3. The Group maintains comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions in order to minimise the potential maintenance and repair costs required.

4. The Group adopts industry best practices according to the potential climate-related risks identified, which aims to improve energy efficiency throughout the Group's operation. All internal professionals and frontline staff are encouraged to focus on the daily procedure to achieve the objective of climate change mitigation.

5. The Group regularly researches stakeholders' preferences on climate-related performance and disclosure and ensures transparent communication with stakeholders.

6. The Group monitors any changes in laws, regulations and global trends on climate change constantly to avoid cost increments, non-compliance fines and reputational risks due to delayed response.

Opportunity

While there are climate-related risks that the business of the Group is vulnerable to in general, the Group continuously explores opportunities brought about by climate change. With the increasing market preference for environmentally friendly products and services, it is believed that expanding the Group's business is an opportunity to meet the market expectation as the Group's business nature is generating renewable wind power.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO_2e), total GHG emissions (in tCO_2e) and the GHG emission intensity (in tCO_2e/GWh of wind power generated) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this report.

B. Social

The Group's achievement over the business performance is largely rooted in 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 the recruitment platform, providing attractive remuneration packages 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. The human resources committee will review and improve employment-related policies and ensure they comply with local laws and regulations. The Group also ensures employment practices are aligned with the set of legal requirements and industrial standards.

1. Employment and labour practices

The Group strictly complies with national and local laws and regulations concerning employment and Labour practices, including but not limited to:

- Labour Law of the PRC;
- Labour Contract Law of the PRC;
- Law on the Protection of Minors; and
- Law on the Protection of Disabled Persons.

No non-compliance with relevant laws and regulations that had a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

B1. Employment

Employee Profile and Turnover

As of 31 December 2023, Hong Song had a total number of 95 employees. All the employees of the Hongsong are full-time workers. The breakdown of employees according to employment type, employee category, age group, gender and region is as follows.

Table 7 Employment Data by Employment Type, Category, Age Group, Gender and Region

	Number of Employees	Percentage %
Total number of employees	95	
Employment type		
Full-time	95	100%
Part-time	0	0%
Employee category		
Senior management	3	3%
Middle management	6	6%
Frontline and other staff	86	91%

	Number of Employees	Percentage %
Age group		
18–25	0	0%
26–35	22	23%
36–45	69	73%
46–55	4	4%
56 or above	0	0%
Gender		
Male	79	83%
Female	16	17%
Region		
Mainland China	95	100%

There was no employee left Hongsong during the Reporting Period, with a turnover rate of 0%.

Inclusive Workplace

The Group is committed to creating a working environment of mutual respect, harmonious inclusiveness and safety. Non-discrimination and diversification are important to its management and operation planning. The Group's Employee Handbook has clearly stated 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.

The Group has adopted diversity and non-discriminatory policies to ensure that each job applicant is entitled to his or her respective rights. Employees are recruited according to the employment procedures and standards as stipulated in the Group's systems and laws and regulations relating to employment and labour practices.

Any employee who is intimidated, humiliated, bullied or harassed, including sexual harassment, may report to the management representative or the general manager, and the complaints will be filed. The Group will take serious actions to resolve these problems after receiving the complaints.

The Group has zero tolerance for any form of harassment, intimidation, bias and discrimination on the grounds of age, gender, disability, religion, family status and obligations, race and colour.

Employees Communication

The Group believes that the cohesion between the Group and its employees serves as an important driver for its business development. Therefore, the Group uses electronic channels and notice boards for announcing the latest information to employees regularly, and employees can express their suggestions freely in any communication channel.

Recruiting and Retaining Talents

In order to ensure the sufficient qualified individuals are recruited for corporate development, the Group reviews its human resources demand regularly and discusses the issues about talent requirements with department heads. Furthermore, the Group emphasises conducting a fair and impartial appraisal of its employees' performance. In order to evaluate employee performance and provide an unbiased and reliable basis for remuneration decisions, education and training, promotion, reward and recognition, the Group has established Administrative Measures on Employee Performance.

Labour Contract Management

The Labour contracts Management Methods formulated by the Group comply with the national laws and regulations relating to labour practices, including but not limited to the Labour Law of the PRC and the Labour Contract Law of the PRC. The Labour contract management of the Group included signing and termination of Labour contracts, and regulated positions, working hours, remuneration and benefits of the employees clearly in the purpose of ensuring the Labour standards. Any overtime arrangement must be made under the principle of negotiation between the company and the employees and the employees' voluntary principle. The Group performs the procedure of retirement formalities for employees who have reached the statutory retirement age and dismissal procedures in accordance with the relevant laws and regulations. The Group does not tolerate the dismissal of employees for any irrational reasons. In the event of a work-related accident, the Group will make reasonable compensation. During the Reporting Period, the Group complied with employment-related laws and regulations.

Employee Treatment

The Group has developed a comprehensive salary review mechanism. In order to provide employees with fair and competitive compensation packages, The Group consider the research findings for a salary review in the job market in addition to business performance, employee duties, and their annual performance appraisals.

The Attendance Management System has been formulated in accordance with relevant national regulations to ensure that the working routine of employees is operated systematically. This system is utilized to reinforce labour discipline, improve labour efficiency, and protect employees' right to rest periods and vacations.

The Group has developed employee welfare policies in compliance with PRC Labor Law and standards stipulated by the Ministry of Human Resources and Social Security. In accordance with laws and regulations, the Group offers five social insurance and one housing fund for its employees in the PRC. These five social insurances are endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund. During the Reporting 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. Duration and remuneration levels for periods of medical treatment, pregnancy, childbirth and lactation are all complied with relevant laws and regulations.

B2. Employee Health and Safety

The Group cares about the health, safety and security of all the staff, and strives to protect the physical and mental health, safety and security of employees. The Group strictly complies with the relevant laws and regulations including but not limited to:

- Labour Law of the PRC;
- Law of the PRC on the Prevention and Treatment of Occupational Diseases; and
- Fire Protection Law of the PRC.

The Group has implemented the following occupational health and safety systems in accordance with the above-mentioned laws and the standards relating to occupational health and safety in the wind power industry:

- Safety Education and Training System;
- Work Safety Supervision System;
- Safety Hazard Screening System;
- Labour Protection System; and
- Occupational Health Inspection System.

The Group set up the Work Safety Supervision System and assigned dedicated staff to handle the Group's occupational health and safety issues and to ensure effective work safety supervision. In order to reduce the amount of work-related accidents, the Group conducts meetings regularly to discuss environmental, safety, and health issues as well as to review the effectiveness of the occupational health and safety systems. The Safety Hazard Screening System is utilized to screen the accident risks in the Group's workplaces and equipment, and occupational health and safety problems are rectified in accordance with the applicable national laws.

The Group has also formulated the Labour Protection System to protect the safety and health of its employees effectively. Employees are provided with protective equipment including safety helmets, insulated boots and dust masks in keeping with work-safety-related legislations to further protect employees from work-related accidents.

In addition, the Group has organised various occupational health and safety training programs during the Reporting Period to enhance the health and safety awareness of its employees and contractors. The Safety Education and Training System formulated by the Group 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. The Group strives to arrange regular health and safety training for employees by the principle of "training before work begins", and incorporated safety training into its annual training programme.

The number of Work-Related Fatality and Fatality Rate, Injury Cases, Lost Days

	2023	2022	2021
The number of work-related fatalities	0	0	0
Work-related fatality rate	0%	0%	0%
Work-related injury cases	0	0	0
Lost days due to work-related injury	0	0	0

There were no work-related fatalities and lost days due to work-related injury in the past 3 years, including the Reporting Period. The Group will evaluate the current work safety measures continuously to ensure employees work in a healthy and safe condition.

B3. Development and Training

The Group is concerned about common growth and development opportunities of employees, so corresponding skills improvement and development training are provided for different types of work and job positions. In order to ensure that the employee training is organized systematically, to guarantee that all employees possess the essential knowledge and abilities, and to encourage them to participate in professional certification and evaluation, the Group has formulated relevant training policies.

The Group organises orientation training to support new employees in adapting to the working environment and integrating into the Group's culture more rapidly. The Group has also adopted a scheme of veteran employees to guide new employees to daily work. Through the 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 employees to gain job satisfaction and have better achievement. Employees may attend external training courses which approved by the department head, and they may apply for reimbursement of training expenses.

As of 31 December 2023, Hongsong provided over 1,926 training hours to a total of 60 employees. The average training hours per employee was 20.27 hours. The number of employees who received training and average training hours completed are as follows.

Number of Employees who Received Training and Average Training Hours Completed

Total number of trained employees	60
Total training hours for all employees	1,926
Average training hours per employee employed	20.27
By Employee Category	
Number of trained Senior Management	1
Average training hours per senior management employee employed	5.33
Number of trained Middle Management	4
Average training hours per middle management employee employed	5.33
Number of trained Frontline and other Staff	55
Average training hours per frontline and other employee employed	21.84
By Gender	
Number of trained Male employees	52
Average training hours per male employee employed	23.22
Number of trained Female employees	8
Average training hours per female employee employed	5.75

*Note 8: The average training hours per employee was calculated by (Total no. of training hours during the Reporting Period/no. of employees as of 31 December 2023)*100%.*

Percentage of Employees Who Received Training

	Percentage %
Total percentage of trained employees	63%
By Employee Category	
Senior management	33%
Middle management	67%
Frontline and other Staff	64%
By Gender	
Male	66%
Female	50%

*Note 9: The percentage of employees who received training was calculated by (Total no. of the trained employees during the Reporting Period/no. of employees as of 31 December 2023)*100%.*

B4. Labour Standards

Child and forced Labour is strictly prohibited within the Group. The Group strictly observes applicable laws and regulations regarding employment and Labour standards, such as the Labour Law of the PRC, the Provisions on Prohibiting the Use of Child Labour, the Labour Contract Law of the PRC and the Law on the Protection of Minors.

The Group only recruits employees who are over the legal working age, and new employees are required to provide true and accurate personal data. Furthermore, background checks will be conducted during the recruitment process in order to ensure the identity of the employees before they are employed. If the violation is found, disciplinary actions will be taken when necessary. The Group regularly review above employment practices to prevent child and forced labour.

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

No non-compliance with relevant laws and regulations relating to preventing child and forced Labour was identified during the Reporting Period. There were no major risks associated with incidents of child and forced Labour within the Group's operation sites. No child or forced Labour was hired in the Group.

2. Operating Practices

B5. Supply Chain Management

Selection Criteria

The Group adopts a comprehensive supplier selection criterion. The Business Department verifies suppliers' legal and regulatory compliance before engaging their services. The steps include verifying their legal entity qualification, rights and legitimacy to undertake the supply contract, and 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.

Bidding standards

In order to comply with national laws and regulations, the Group'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

The Group works together with its suppliers to mitigate environmental and social impacts induced by business operations. The Group has created a comprehensive assessment system for the sake of assuring social responsibility is adhered to. Also, the Group verified the suitability of approved suppliers and subcontractors annually in terms of quality of services and products, safety and environmental performance, labour standards and financial status. The priority is given to eco-friendly raw materials, services and recyclable products. The Group maintains good cooperation with suppliers to minimize carbon footprint in the procedures of procurement.

During the Reporting Period, the total number of suppliers of Hongsong was 65, and all of them were from Mainland China.

B6. Product Responsibility

In order to ensure the stability and reliability of services, the protection of intellectual property rights and data protection, the Group complies with the following laws and regulations, including but not limited to:

- Trademark Law of the PRC;
- Patent Law of the PRC;
- Law of the PRC on the Protection of Consumer Rights and Interests; and
- Product Quality Law of the PRC; and Advertising Law of the PRC.

There was no non-compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress in the Reporting Period.

Quality Control and Assurance

As the Group'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; and
- 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.

To ensure that the products produced comply with the industry and national safety standards, the Group conducts product testing effectively. The 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 the public supply network, temporary and transient overvoltage. The Group also makes adjustments timely on serious problems according to the feedback from the power grid, and provides adjustment reports when necessary to ensure that only the products which meet the quality and technical requirements can be delivered to customers.

There were no product recalls or service complaints due to health and safety reasons received during the Reporting Period. Since the business nature of the Group does not produce any products, it is not applicable to disclose product recall procedures.

Customer Satisfaction

Customer satisfaction has become the cornerstone of the success of the Group. The Group strives to respond to its customer's expectations by improving the performance of all aspects of its business. The Group has formulated the code of practices to provide guidelines for employees to improve customer service processes. In order to collect valuable feedback from customers, the Group has invited its customers to complete a customer satisfaction survey. Meanwhile, the management team advises the improvement of the Group's service according to customers' feedback and suggestions. If there are any quality and safety concerns arise, the Group will carry out extensive investigations to discover the causes of the problems and develop measures to mitigate and prevent the recurrence of defects and incidents.

Intellectual Property Rights

The Group recognises its responsibility to protect its intellectual property rights, including patents, copyrights, trademarks, service marks, research and development achievements, trade secrets, technical data and other related rights. All the purchased products are attached with identification labels in the procurement process to ensure they are genuine products.

Data Protection

The Group strictly implements the policy of protecting personal information, as maintaining confidentiality is vital for building trust between the Group and its stakeholders. The Group improves its information technology infrastructure regularly, provides encryption for all customer information and sets strict authority for access to and use of such information. Furthermore, any illegal use of the customer information is prohibited. During the Reporting Period, the Group did not receive any complaint relating to proven breach of customer privacy or loss of customer information.

B7. Anti-corruption

The Group regards honesty, integrity, and fairness as its core values, so the related national laws and regulations are strictly complied with, including but not limited to:

- Criminal Law of the PRC;
- Company Law of the PRC;
- Anti-Money Laundering Law of the PRC; and
- Law Against Unfair Competition of the PRC.

The Group had no non-compliance with relevant laws and regulations of bribery, extortion, fraud and money laundering in this Reporting Period.

The anti-corruption measures are carried out in accordance with all relevant laws and regulations. The Group has formulated the internal code of business ethics, which provides guidance to interact with stakeholders so as to ensure proper conduct in all aspects of the Group's operations. The internal code of business ethics outlines all the policies, practices, and rules relating to dealing with gifts, treats, transactions and financial management. In addition, the Group requires its employees to refrain from excessively lavish or frequent hospitality with business partners to avoid deliberate enticement or future demands of inappropriate reciprocation.

Whistle-blowing Policy

The Group is committed to the highest possible standards of openness and accountability, as well as preventing, detecting and reporting any fraud. A whistle-blowing policy has been established for employees and stakeholders to voice their concerns about suspected fraud.

Whistle-blowers can provide details of concerns about the suspected cases through mail, email and telephone anonymously. Any received report will be undergoing investigation and all the detailed information of the reported case will be handled confidentially. The Group recognises that protecting whistleblowers is important in reporting and investigation procedure of corruption. The Group prohibits any unlawful discrimination or retaliation, or hostile measures against investigators and whistle-blowers.

Anti-corruption training

In order to strengthen the awareness of anti-corruption in the workplace, the Group carries out effective communication and training within the company to ensure that employees understand the concepts involved in the code of conduct, and help employees identify legal and illegal concepts, ethical and dishonest behavior.

During the Reporting Period, the reading material "Anti-corruption Programme-A Guide For Listed Companies" published by ICAC has been shared with all directors. Besides, the Group also prepared anti-corruption materials to share the relevant knowledge among employees.

B8. Community Investment

The Group contributes to the community by reaching out to the community actively in the Reporting Period. It is believed that participating in these activities can develop positive value in helping people and our society. The Group participates in the activities organized by the community groups which share the similar value with the Group's corporate responsibility, and makes great effort to respond to the needs of the community. The Group's area of contribution focused strongly on the local community needs.

During the Reporting Period, the Group focused on providing community support services. Employees voluntarily participated in a community cleaning campaign organised by the local bodies in the PRC. In this activity, the Group has contributed some cleaning supplies for providing cleaning services.

LINKSFIELD
CPA LIMITED

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

OPINION

What we have audited

The consolidated financial statements of China Ruifeng Renewable Energy Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 90 to 193, which comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Key audit matters identified in our audit are summarised as follows:

— impairment on property, plant and equipment; and

— assessment of the expected credit losses ("**ECL**") on other receivables, loan receivables, amount due from an associate, amount due from a non-controlling interest and deposit for other loans ("**Other Receivables**").

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment on property, plant and equipment Refer to Note 4(a) and Note 16 to the consolidated financial statements. The Group recorded property, plant and equipment of approximately RMB744,622,000 as at 31 December 2023, of which construction in progress ("**CIP**") amounted to approximately RMB37,329,000 mainly represented a wind farm construction project in Baotou City of Inner Mongolia. Management performs assessment whenever events or changes in circumstances indicate that the carrying amounts of property, plant and equipment may not be recoverable. In carrying out the impairment assessment, management identified and determined cash-generating unit(s) ("**CGU(s)**") and performed the assessment for individual CGU as required by HKAS 36 "Impairment of assets". The construction of a wind farm project in Baotou City of Inner Mongolia under CIP ("**Baotou Project**") was suspended since 2021 due to the supplier was in financial difficulties and failed to deliver certain machineries and equipment for the construction in Baotou. This represented an impairment indicator within that CGU. Management conducted the impairment assessment for the relevant CGU by determining the recoverable amount based on the higher of fair value less cost of disposal ("**FVLCD**") derived from market search and value-in-use ("**VIU**") calculation using the discounted cash flows forecast ("**DCF**").	We performed the following procedures to address the key audit matter: • Obtained an understanding of and evaluated the management's internal controls over the determination of individual CGU, the identification of relevant CGU having impairment indicators and preparation of the cash flow forecasts and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluated the appropriateness of management's assessment process on CGUs determination and impairment indicator identification by: – Enquiring of management on their basis of identifying impairment indicators; and – Challenging the judgments made in the identification of impairment indicators; • Tested management's impairment assessment of property, plant and equipment by assessing the DCF used in the calculation as set out below: – Comparing the key input data in management's DCF to the budget and the business plan approved by senior management; and – Assessing the methodology adopted and the mathematical accuracy of the underlying DCF calculation;

Key Audit Matters	How our audit addressed the Key Audit Matters
Preparation of DCF required the use of many assumptions and management, with the assistance of an independent external valuer, exercised significant judgments in determining these assumptions. Key assumptions adopted and judgment exercise in the preparation of the DCF included: • Revenue growth rates; and • Pre-tax discount rate. Based on the results of management's impairment assessment, no impairment loss on property, plant and equipment of that CGU was recognised for the year ended 31 December 2023. We focused on this area due to the magnitude of the relevant balance, the higher degree of estimation uncertainty and subjectivity in management's judgment involved to determine the recoverable amount of property, plant and equipment.	• Involved our internal valuation specialist in our discussion with the external valuer and management to understand the rationale and assess the appropriateness and consistency of the methodology used and the inputs, assumptions and estimates adopted in the valuation by (i) examining the underlying financial information; and (ii) assessing the key parameters used, such as revenue growth rates and pre-tax discount rate, against available market information; • Assessed the competence, capabilities and objectivity of the independent external valuer; and • Assessed management's sensitivity analysis on the key assumptions, to consider the extent to which adverse changes, would result in property, plant and equipment being impaired and discussed with management the likelihood of such change in the key assumption arising. Based on the procedures performed, we found the significant judgments and assumptions made by management to identify whether any impairment indicators existed for any of property, plant and equipment and determine the recoverable amounts of property, plant and equipment to be supported by available evidence.

Key Audit Matters	How our audit addressed the Key Audit Matters
Assessment of the ECL on Other Receivables Refer to Note 3.1(b), Note 4(b) and Note 24 to the consolidated financial statements. As at 31 December 2023, the Group had net carrying amounts of Other Receivables of approximately RMB339,064,000 (after provision of approximately RMB297,256,000), representing approximately 18.2% of the Group's total assets. The Group applies the general approach in HKFRS 9 to measure the ECL of Other Receivables. Management assessed the ECL based on estimation about risk of default, expected loss rates and whether there has been any significant increase in credit risk since initial recognition for Other Receivables. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, including the credit loss experience, historical settlement records, internal credit ratings, financial positions, relationships with debtors and other factors that impacted their ability of repayment. Management also took into account of existing market conditions and forward looking information. We focused on this area due to the magnitude of the relevant balances and the complexity of models and subjectivity of significant assumptions and data used in the estimation of expected credit losses.	We performed the following procedures to address the key audit matter: • Obtained an understanding of management's internal control and assessment process of the ECL of other receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity of models and subjectivity of significant assumptions and data used; • Evaluated the Group's policy for estimating the ECL allowance with reference to the requirements of the prevailing accounting standard; • Tested, on a sample basis, the historical and subsequent settlement by checking to the bank slips to assess the effectiveness of management's estimation process; • Assessed the key assumptions and data used in management's estimate of expected credit loss by agreeing information to relevant supporting documents; • Checked the mathematical accuracy of the calculation of impairment provision of other receivables; • Challenged management's estimation of the risk of default and ECL rate referencing to the debtors' credit information including settlement records, their financial positions and ability of repayment and collaborated management's explanations with publicly available information and supporting evidence; and • Evaluated the appropriateness of the forward looking information with reference to our industry knowledge and relevant published macroeconomic data. We found the models, significant assumptions and data applied by management in the assessment of the ECL on Other Receivables were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of 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.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kwok Chi Kan.

Linksfield CPA Limited
Certified Public Accountants
Kwok Chi Kan
Practising Certificate Number: P06958

Hong Kong, 28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**343,811**	304,443
Cost of sales	9	**(217,849)**	(240,329)
Gross profit		**125,962**	64,114
Interest income		**9,236**	9,691
Other income	7	**23,171**	21,397
Other gains, net	8	**4,517**	16,402
Administrative expenses	9	**(65,916)**	(62,526)
Provision for expected credit losses on other receivables	24	**(24,872)**	(27,503)
Impairment loss on property, plant and equipment	16	**—**	(20,583)
Operating profit		**72,098**	992
Finance costs	11	**(142,755)**	(156,469)
Share of losses of associates	18	**(547)**	(578)
Share of profits of joint ventures	19	**1**	—
Loss before income tax		**(71,203)**	(156,055)
Income tax expense	12	**(23,570)**	(5,965)
Loss for the year		**(94,773)**	(162,020)
(Loss)/profit for the year attributable to:			
— the owners of the Company		**(108,955)**	(154,448)
— non-controlling interests		**14,182**	(7,572)
		(94,773)	(162,020)
Loss per share attributable to the owners of the Company (in RMB)			(Restated)
Basic	13	**(0.099)**	(0.233)
Diluted	13	**(0.099)**	(0.236)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Loss for the year		**(94,773)**	(162,020)
Other comprehensive (loss)/income			
Item that may be reclassified to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations outside the People's Republic of China (the "**PRC**")		**(17,689)**	(48,183)
Item that may not be reclassified to profit or loss:			
Exchange difference arising on translation of financial statements of the Company		**2,817**	11,497
Change in fair value of financial assets at fair value through other comprehensive income	21	**(5,421)**	6,302
Other comprehensive loss for the year, net of tax		**(20,293)**	(30,384)
Total comprehensive loss for the year		**(115,066)**	(192,404)
Total comprehensive (loss)/income for the year attributable to:			
— the owners of the Company		**(127,243)**	(186,662)
— non-controlling interests		**12,177**	(5,742)
		(115,066)	(192,404)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**744,622**	878,931
Right-of-use assets	17	**16,082**	20,247
Interests in associates	18	**1,489**	2,036
Interests in joint ventures	19	**3,061**	—
Financial assets at fair value through other comprehensive income	21	**27,370**	12,791
Financial assets at fair value through profit or loss	22	**3,324**	4,260
Prepayments and other receivables	24	**161,776**	184,026
		957,724	1,102,291
Current assets			
Inventories	23	**—**	619
Trade and other receivables	24	**520,211**	482,135
Financial assets at fair value through profit or loss	22	**2,022**	2,327
Cash and cash equivalents	25	**385,512**	420,843
		907,745	905,924
Total assets		**1,865,469**	2,008,215
EQUITY			
Equity/(deficit) attributable to the owners of the Company			
Share capital	27	**75,057**	17,884
Reserves	28	**(64,306)**	(91,787)
		10,751	(73,903)
Non-controlling interests		**201,237**	189,060
Total equity		**211,988**	115,157

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	**1,073**	3,428
Borrowings	31	**1,238,293**	1,400,619
Deferred income tax liabilities	26	**5,827**	9,221
		1,245,193	1,413,268
Current liabilities			
Trade and other payables	30	**107,713**	151,366
Borrowings	31	**281,242**	322,451
Lease liabilities	17	**3,752**	3,703
Current income tax liabilities		**15,581**	2,270
		408,288	479,790
Total liabilities		**1,653,481**	1,893,058
Total equity and liabilities		**1,865,469**	2,008,215

The consolidated financial statements on pages 90 to 193 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

Yuan Wanyong
Chairman

Zhang Zhixiang
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Statutory reserve	Translation reserve	Convertible bonds reserve	Fair value reserve	Share options reserve	Warrants reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	17,286	1,492,149	91,561	36,521	17,047	184	10,300	13,366	(1,605,892)	72,522	208,666	281,188
Comprehensive loss												
Loss for the year	–	–	–	–	–	–	–	–	(154,448)	(154,448)	(7,572)	(162,020)
Other comprehensive (loss)/income												
Exchange difference arising on translation of foreign operations	–	–	–	(36,686)	–	–	–	–	–	(36,686)	–	(36, 686)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	4,472	–	–	–	4,472	1,830	6,302
Total comprehensive (loss)/ income for the year	–	–	–	(36,686)	–	4,472	–	–	(154,448)	(186,662)	(5,742)	(192,404)
Transactions with owners												
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(14,350)	(14,350)
Transfer to statutory reserves	–	–	1,469	–	–	–	–	–	(1,469)	–	–	–
Redemption of convertible bonds	598	10,040	–	–	(17,047)	–	–	–	17,047	10,638	–	10,638
Issuance of convertible bonds	–	–	–	–	29,654	–	–	–	–	29,654	–	29,654
Non-controlling interest on capital contribution of a subsidiary	–	–	–	–	–	–	–	–	–	–	1	1
Changes in ownership interest in subsidiaries that do not result in loss of control	–	–	–	–	–	–	–	–	(55)	(55)	7,307	7,252
Disposal of a subsidiary *(Note 35(b))*	–	–	–	–	–	–	–	–	–	–	(6,822)	(6,822)
At 31 December 2022	17,884	1,502,189	93,030	(165)	29,654	4,656	10,300	13,366	(1,744,817)	(73,903)	189,060	115,157

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity shareholders of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserve *RMB'000*	Translation reserve *RMB'000*	Convertible bonds reserve *RMB'000*	Fair value reserve *RMB'000*	Share options reserve *RMB'000*	Warrants reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2023	17,884	1,502,189	93,030	(165)	29,654	4,656	10,300	13,366	(1,744,817)	(73,903)	189,060	115,157
Comprehensive loss												
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(108,955)	(108,955)	14,182	(94,773)
Other comprehensive (loss)/income												
Exchange difference arising on translation of foreign operations	–	–	–	(14,872)	–	–	–	–	–	(14,872)	–	(14,872)
Change in fair value of financial assets at fair value through other comprehensive income	–	–	–	–	–	(3,416)	–	–	–	(3,416)	(2,005)	(5,421)
Total comprehensive (loss)/income for the year	–	–	–	(14,872)	–	(3,416)	–	–	(108,955)	(127,243)	12,177	(115,066)
Transactions with owners												
Transfer to statutory reserve	–	–	6,469	–	–	–	–	–	(6,469)	–	–	–
Issuance of shares under rights issues, net of expenses *(Note 27)*	54,323	140,196	–	–	–	–	–	–	–	194,519	–	194,519
Issuance of convertible bonds	–	–	–	–	5,672	–	–	–	–	5,672	–	5,672
Conversion of convertible bonds	2,850	14,528	–	–	(5,672)	–	–	–	–	11,706	–	11,706
Lapse of non-listed warrants *(Note 29(b))*	–	–	–	–	–	–	–	(13,366)	13,366	–	–	–
Lapse of share options *(Note 29(a))*	–	–	–	–	–	–	(458)	–	458	–	–	–
At 31 December 2023	75,057	1,656,913	99,499	(15,037)	29,654	1,240	9,842	–	(1,846,417)	10,751	201,237	211,988

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash generated from operations	33(a)	139,899	376,756
The PRC corporate income tax paid		(13,658)	(13,673)
Net cash generated from operating activities		126,241	363,083
Cash flows from investing activities			
Advances to non-controlling interest		(12,028)	—
Payments for property, plant and equipment		(3,553)	(828)
Proceeds on disposal of property, plant and equipment		72	74
Net cash inflow arising on disposal of a subsidiary	35(b)	—	5,994
Settlement of payable for acquisitions of a subsidiary		(864)	—
Decrease/(increase) in prepayment for investments		2,250	(6,201)
Decrease/(increase) in loan receivables		15,646	(422)
Placement of deposit for other loans		—	(2,200)
Acquisition of equity interest in a joint venture		(3,060)	—
Interest received		9,236	9,691
Net cash generated from investing activities		7,699	6,108
Cash flows from financing activities			
Capital contribution of a subsidiary from non-controlling interests		—	1
Advances from an associate		681	—
Proceeds from issuance of shares under rights issue	27	195,565	—
Payments of transaction costs on issue of rights shares	27	(1,046)	—
Proceeds from convertible bonds	33(b)	16,950	—
Redemption of convertible bonds	33(b)	—	(1,504)
Proceeds from new bank loans and other loans	33(b)	25,437	111,119
Proceed from loans from related parties	33(b)	3,351	—
Proceeds from bonds	33(b)	2,724	—
Repayment of notes payables	33(b)	(56,298)	(11,739)
Repayment of bank loans and other loans	33(b)	(181,089)	(141,479)
Repayment of bonds	33(b)	(34,456)	(21,459)
Principal elements of lease payments	33(b)	(3,460)	(2,341)
Interest elements of lease payments	33(b)	(289)	(234)
Other borrowing costs paid	33(b)	(127,988)	(117,160)
Dividend paid to non-controlling interests		(10,080)	(7,441)
Net cash used in financing activities		(169,998)	(192,237)
Net (decrease)/increase in cash and cash equivalents		(36,058)	176,954
Cash and cash equivalents at the beginning of the year		420,843	243,295
Effect of foreign exchange rate changes		727	594
Cash and cash equivalents at the end of the year	25	385,512	420,843

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

1 GENERAL INFORMATION

China Ruifeng Renewable Energy Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The Company's registered office is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is Room 2801–2804, 28/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 9 June 2006. The Company and its subsidiaries are together referred to as the Group hereinafter.

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

These consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual 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 requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income, which is carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The consolidated financial statements are prepared on a going concern basis.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(a) New and amended standards adopted by the Group

The Group has applied the following new and amended standards, improvements and interpretation for the first time for their annual reporting period commencing 1 January 2023:

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies (amendments)
HKAS 8	Definition of Accounting Estimates (amendments)
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction (amendments)
HKAS 12	International Tax Reform — Pillar Two Model Rules (amendments)
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

The following new standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current (amendments)	1 January 2024
HKAS 1 (Amendments)	Non-current liabilities with Covenants (amendments)	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback (amendments)	1 January 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (amendments)	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (amendments)	To be determined

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(continued)*

(b) New standards and interpretations not yet adopted *(continued)*

The directors of the Company have assessed the financial impact on the Group of the adoption of the above new standards, amendments to existing standards, interpretations and accounting guideline. These standards, amendments and interpretations are not expected to have a material financial impact on the Group in the future reporting periods and on foreseeable future transactions. The Group intends to adopt the above new standards, amendments to existing standards interpretations and accounting guideline when they become effective.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the analysis, evaluation, acceptance and monitoring of such risks which are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effect on the Group's financial performance.

3.1 Financial risk factors

(a) Market risk

(i) Price risk

Price risk is the risk that the fair value of the Group's financial assets at fair value through profit or loss will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all instruments in the market.

The Group held listed equity investments, which can be affected by fluctuations in share price and is exposed to other price risk on share price of the listed investments.

If the stock price of the listed equity investments had been 5% (2022: 5%) higher/lower, loss for the year would have decreased/increased by approximately RMB101,000 (2022: approximately RMB116,000).

For unlisted equity investments, in arriving at the fair value of the financial assets at fair value through profit or loss and at fair value through other comprehensive income, the Group may use valuation techniques which require the estimation of key variables. Details of the valuation method and the sensitivity analysis for the possible impact given a reasonable shift in the key variable are set out in Note 3.3.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets or liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group mainly operates in Hong Kong and the PRC. The majority of the transactions at each location are settled in the respective functional currencies, namely HK$ and RMB. The directors are of the opinion that the Group does not have significant foreign exchange risk, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group. Accordingly, no sensitivity analysis is performed.

Management closely monitors foreign currency exchange exposure and will take measures to minimise the currency translation risk. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure as management considers its exposure is not significant.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from the Group's bank deposits and 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.

If interest rate of variable-rate borrowings had been 100 (2022: 100) basis points higher/lower and all other variable were held constant, the Group's loss for the year would have increased/decreased by approximately RMB7,686,000 (2022: approximately RMB8,726,000).

(b) Credit risk

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. The credit risk of the Group mainly arises from cash at banks and trade and other receivables.

Impairment of Financial Assets

The Group has three types of assets that are subject to the ECL model:

— Cash at banks;

— Trade receivables; and

— Other receivables.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk (continued)

Impairment of Financial Assets (continued)

(i) Cash at banks

The cash at banks of the Group are mainly placed with state-owned financial institutions and reputable banks. Therefore, the ECL rate of cash at banks is assessed to be immaterial and no provision was made as at 31 December 2023 and 2022.

(ii) Trade receivables

As at 31 December 2023 and 2022, the Group has concentration of credit risk as approximately 99% and 99%, respectively, of its trade receivables were due from the Group's largest customer, which was a power grid company and a state-owned enterprise.

The trade receivables mainly represent receivables from the power grid companies. The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance for trade receivables on a collective group basis based on different credit risk characteristics and the days past due. The management assessed the ECL based on historical credit loss experience, adjusted for factors that are specific to the debtors, historical settlement records, the general economic conditions, the existing market conditions and forward-looking information.

	Unbilled	Within 90 days past due	More than three months but within one year	More than one year	Total
At 31 December 2023					
Weighted average expected loss rate	**0%**	**0%**	**0%**	**100%**	
Receivable amount (RMB'000)	**165,403**	**30,600**	**—**	**2,030**	**198,033**
Loss allowance (RMB'000)	**—**	**—**	**—**	**(2,030)**	**(2,030)**
	165,403	**30,600**	**—**	**—**	**196,003**
At 31 December 2022					
Weighted average expected loss rate	0%	0%	0%	99%	
Receivable amount (RMB'000)	115,318	21,498	—	2,047	138,863
Loss allowance (RMB'000)	—	—	—	(2,030)	(2,030)
	115,318	21,498	—	17	136,833

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

Impairment of Financial Assets (continued)

(ii) Trade receivables *(continued)*

The Group have no significant credit risk with these power grid companies as the Group maintain long-term and stable business relationships with these power grid companies. Given the track record of settlements of trade receivables from sales of electricity and the collection of tariff adjustment are well supported by the government policy, the management are of the opinion that these trade receivables are fully recoverable considering that there is no bad debt experience with these power grid companies in the past and the tariff adjustment is funded by the PRC government authorities will be settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance, and hence, the risk of default by these customers is not significant and the Group do not expect any losses from non-performance by these customers. Therefore, as at 31 December 2023, save for the trade receivables from the customers with the gross amount of approximately RMB2,030,000 (2022: approximately RMB2,047,000), ECL rate of trade receivables are assessed to be close to zero and no provision was made for the year ended 31 December 2023 (2022: Nil).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

Impairment of Financial Assets (continued)

(iii) Other receivables

Other receivables include other receivables, loan receivables, amount due from an associate and amount due from a non-controlling interest. In order to minimise the credit risk, the Group has a credit policy for assessing the impairment on other receivables and the exposures to these credit risks are monitored on an ongoing basis. The Group has applied the general approach in accordance with HKFRS 9 to measure the loss allowance for other receivables. The Group assessed the ECL based on estimation about risk of default and expected loss rates, and judgment was used in making these assumptions and selecting the inputs to the impairment calculation, including the credit loss experience, historical settlement records, internal credit ratings, financial positions, relationships with debtors and other factors that impacted their ability of repayment. The management also took into account of existing market conditions and forward-looking information.

- Other receivables that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECLs is measured on 12-month basis.

- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The ECLs loss is measured on lifetime basis.

- If the financial instrument is credit-impaired (specifically, when there is evidence indicating the debtor is in severe financial difficulty or it is probable that the debtor will enter bankruptcy or other financial reorganisation), the financial instrument is then moved to "Stage 3". The ECLs is measured on lifetime basis.

The receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

Impairment of Financial Assets (continued)

(iii) Other receivables *(continued)*

As at 31 December 2023, the balances of loss allowance of other receivables as follows:

	Other receivables *RMB'000*	Loan receivables *RMB'000*	Amount due from an associate *RMB'000*	Total *RMB'000*
As at 1 January 2022	187,438	77,431	29,187	294,056
Increase in the allowance recognised in consolidated statement of profit or loss during the year	17,810	9,693	—	27,503
Disposal of a subsidiary	(2,475)	—	—	(2,475)
Write off	(19,276)	(22,211)	—	(41,487)
Exchange realignment	3,470	8	—	3,478
As at 31 December 2022 and 1 January 2023	**186,967**	**64,921**	**29,187**	**281,075**
Increase in the allowance recognised in consolidated statement of profit or loss during the year	**23,183**	**1,689**	**—**	**24,872**
Write off	**(9,981)**	**—**	**—**	**(9,981)**
Exchange realignment	**1,258**	**32**	**—**	**1,290**
As at 31 December 2023	**201,427**	**66,642**	**29,187**	**297,256**

As at 31 December 2023, certain other receivables with the gross carrying amount of approximately RMB168,987,000 (2022: approximately RMB176,259,000) were credit-impaired because there were default of payments from the counterparties, of which approximately RMB117,718,000 (2022: approximately RMB116,493,000) were due from Suzlon Energy (Tianjin) Limited* (蘇司蘭能源(天津)有限公司) ("**Suzlon**") which was in financial difficulties, and were fully impaired during the year ended 31 December 2021. Such receivables were assessed for ECL individually and measured at lifetime ECL. An impairment loss of approximately RMB1,484,000 (2022: approximately RMB15,256,000) was recognised for the year ended 31 December 2023. As at 31 December 2023, the balances of loss allowance in respect of these other receivables were approximately RMB168,987,000 (2022: approximately RMB176,260,000).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

Impairment of Financial Assets (continued)

(iii) Other receivables *(continued)*

As at 31 December 2023, certain other receivables with the gross carrying amount of approximately RMB112,145,000 (2022: approximately RMB22,297,000) were assessed individually and measured at lifetime ECL and the Group has recognised impairment charge of approximately RMB22,020,000 during the year ended 31 December 2023 (2022: approximately RMB2,701,000). Management considers there is a significant increase in credit risk on these balances. As at 31 December 2023, the balances of loss allowance in respect of these other receivables were approximately RMB31,682,000 (2022: approximately RMB9,639,000).

As at 31 December 2023, certain loan receivables with the gross carrying amount of approximately RMB32,050,000 (2022: approximately RMB32,250,000) were credit-impaired because they were default of payments from the counterparties for years and the counterparties were in financial difficulties. Such receivables were assessed for ECL individually and measured at lifetime ECL. A reversal of an impairment loss of approximately RMB200,000 (2022: an impairment loss of approximately RMB5,918,000) was recognised for the year ended 31 December 2023. As at 31 December 2023, the balances of loss allowance in respect of these loan receivables were approximately RMB32,050,000 (2022: approximately RMB32,250,000).

As at 31 December 2023, certain loan receivables with the gross carrying amount of approximately RMB183,620,000 (2022: approximately RMB166,472,000) were assessed individually and measured at lifetime ECL and the Group has recognised impairment charge of approximately RMB2,191,000 during the year ended 31 December 2023 (2022: approximately RMB3,526,000). Management considers there is a significant increase in credit risk on these balances. As at 31 December 2023, the balances of loss allowance in respect of these loan receivables were approximately RMB34,574,000 (2022: approximately RMB32,352,000).

As at 31 December 2023, the amount due from an associate with the gross carrying amount of approximately RMB29,187,000 (2022: approximately RMB29,187,000) were credit-impaired because the associate was in financial difficulties. Such receivables were assessed for ECL individually and measured at lifetime ECL. As at 31 December 2023, the balances of loss allowance in respect of the amount due from an associate were approximately RMB29,187,000 (2022: approximately RMB29,187,000).

The remaining other receivables and loan receivables are separately assessed. Management considers that the credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate, adjusted by current and forward looking information, but the reversal of impairment charges on the remaining other receivables and loan receivables of approximately RMB321,000 and RMB302,000, respectively, are based on the 12-month ECL for the year ended 31 December 2023 (2022: the reversal of impairment charges on the remaining other receivables of approximately RMB147,000 and the impairment charges on the remaining loan receivables RMB249,000, respectively). As at 31 December 2023, the balances of loss allowance in respect of these remaining other receivables and loan receivables were approximately RMB758,000 and RMB18,000, respectively (2022: approximately RMB1,068,000 and RMB319,000, respectively).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

Impairment of Financial Assets (continued)

(iii) Other receivables *(continued)*

During the year ended 31 December 2023, the Group considered the other receivables and loan receivables of approximately RMB9,981,000 and nil, respectively, (2022: approximately RMB19,276,000 and RMB22,211,000, respectively), which were fully impaired in the previous years, are not recoverable and have written off the entire amounts.

(c) 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 of Directors 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 table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year or on demand RMB'000	Between 1 to 2 years RMB'000	Between 2 to 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Total carrying amount RMB'000
As at 31 December 2023						
Trade and other payables	107,713	—	—	—	107,713	107,713
Bank loans, secured	405	405	1,012	—	1,822	1,433
Bonds	82,908	31,912	—	—	114,820	109,360
Notes payables	7,749	—	—	—	7,749	7,749
Convertible bonds	32,674	388,691	—	—	421,365	336,723
Other loans	251,102	173,372	443,844	397,821	1,266,139	1,059,800
Loans from related parties	1,000	3,470	—	—	4,470	4,470
Lease liabilities	3,912	1,087	—	—	4,999	4,825
	487,463	598,937	444,856	397,821	1,929,077	1,632,073

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) ***Liquidity risk*** *(continued)*

	Less than 1 year or on demand *RMB'000*	Between 1 to 2 years *RMB'000*	Between 2 to 5 years *RMB'000*	More than 5 years *RMB'000*	Total contractual undiscounted cash flow *RMB'000*	Total carrying amount *RMB'000*
As at 31 December 2022						
Trade and other payables	150,134	—	—	—	150,134	150,134
Bank loans, secured	8,260	—	—	—	8,260	8,000
Bonds	76,510	46,143	26,585	—	149,238	142,666
Notes payables	59,107	—	—	—	59,107	59,107
Convertible bonds	31,518	31,518	378,214	—	441,250	302,619
Other loans	251,549	217,079	521,828	545,676	1,536,132	1,210,678
Lease liabilities	3,978	3,033	505	—	7,516	7,131
	581,056	297,773	927,132	545,676	2,351,637	1,880,335

3.2 Capital risk 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 2023, the Group's strategy remained unchanged from 2022.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management *(continued)*

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 2023 and 2022 were as follows:

	2023 *RMB'000*	2022 *RMB'000*
Borrowings:		
Current portion	**281,242**	322,451
Non-current portion	**1,238,293**	1,400,619
Total borrowings *(Note 31)*	**1,519,535**	1,723,070
Less: cash and cash equivalents *(Note 25)*	**(385,512)**	(420,843)
Net debt	**1,134,023**	1,302,227
Total equity	**211,988**	115,157
Gearing ratio	**535%**	1,131%

The gearing ratio decreased from approximately 1,131% as at 31 December 2022 to approximately 535% as at 31 December 2023 as a result of the increase in total equity and the decrease in net debt.

3.3 Fair value estimation

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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

As at 31 December 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income:				
— unlisted investments	—	—	27,370	27,370
Financial assets at fair value through profit or loss:				
— listed investments	2,022	—	—	2,022
— unlisted investment	—	—	3,324	3,324
	2,022	—	30,694	32,716

As at 31 December 2022	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income:				
— unlisted investment	—	—	12,791	12,791
Financial assets at fair value through profit or loss:				
— listed investments	2,327	—	—	2,327
— unlisted investment	—	—	4,260	4,260
	2,327	—	17,051	19,378

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

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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

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

Financial assets at fair value through other comprehensive income

	2023 RMB'000	2022 RMB'000
Opening balance	12,791	6,489
Additions	20,000	—
Fair value changes recognised in other comprehensive income	(5,421)	6,302
Closing balance	27,370	12,791
Unrealised (loss)/gain recognised in the consolidated statement of other comprehensive income attributable to balance at the end of the reporting period	(5,421)	6,302

Financial assets at fair value through profit or loss

	2023 RMB'000	2022 RMB'000
Opening balance	4,260	5,225
Fair value changes recognised in profit or loss	(936)	(965)
Closing balance	3,324	4,260
Unrealised loss recognised in the consolidated statement of profit or loss attributable to balance at the end of the reporting period	(936)	(965)

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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

As at 31 December 2023

	Exposure *RMB'000*	Valuation techniques	Significant unobservable input	Sensitivity on estimate: Estimate	Sensitivity on estimate: Impact *RMB'000*
Unlisted equity investments at fair value through other comprehensive income	5,884	Market approach	Earnings before interest, taxes, depreciation, and amortisation ("EBITDA")	+5%/-5%	603/(603)
	21,486	Market approach	Probability that a proposed business combination will be consummated	+5%/-5%	3,225/(3,225)
					3,828/(3,828)
Unlisted equity investment at fair value through profit or loss	3,324	Market approach	Revenue	+5%/-5%	205/(205)

As at 31 December 2022

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying values:

— Trade receivables
— Other receivables
— Cash and cash equivalents
— Trade and other payables
— Borrowings
— Lease liabilities

3.5 Offsetting financial assets and financial liabilities

No material financial assets and financial liabilities were subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2023 and 2022.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amount of a cash-generating unit ("**CGU**") is determined based on the higher of fair value less cost of disposal ("**FVLCD**") and value-in-use ("**VIU**") models. The methodologies are based upon a number of key estimates and other information, both internal and external, including (i) the revenue growth rate; and (ii) pre-tax discount rates used in VIU model. These calculations require the use of estimates. Changing the assumptions selected by the Group to determine the level, if any, of impairment, including the pre-tax discount rate or the growth rate assumptions, could significantly affect the Group's reported financial position and results of operations. The key assumptions used are set out in Note 16.

(b) Impairment of other receivables

The Group makes provision for impairment of other receivables based on assumptions about risk of default and the ECL rates (Note 3.1(b)). The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the date of the statement of financial position.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

(c) Useful lives of property, plant and equipment

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 the 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.

(d) Income tax and deferred tax

Significant judgment is required in determining the provision for income and deferred tax. There are many transactions and calculations for which the ultimate determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current tax and deferred tax assets and liabilities in the period in which such determination is made. Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 SEGMENT INFORMATION

The Group's chief operating decision maker, which has been identified as the Board of Directors, consider the segment from a business perspective and monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

During the year ended 31 December 2023, the Group had one (2022: one) reportable operating segment, which was using wind turbine blades to generate electricity power in the PRC. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Geographic Information

(a) Revenue from external customers

The Group's revenue from external customers by geographical area, which is determined by the location where the services were provided. The Group's revenue is all generated from the PRC.

5 SEGMENT INFORMATION *(continued)*

Geographic Information *(continued)*

(b) Non-current assets

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

	2023 *RMB'000*	2022 *RMB'000*
Hong Kong	**4,322**	2,410
The PRC	**894,708**	1,054,830
	899,030	1,057,240

Key Customers

For the year ended 31 December 2023, there was one customer (2022: one) which individually contributed over 10% (2022: 10%) of the Group's total revenue, the revenue contributed from this customer was as follows:

	2023 *RMB'000*	2022 *RMB'000*
Customer A	**342,708**	298,857

6 REVENUE

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

	2023	2022
	RMB'000	*RMB'000*
Recognised at a point in time:		
— Sales of electricity	**251,163**	220,602
— Tariff adjustment	**91,581**	78,268
— Sales of mechanical and electrical equipment	**1,067**	—
	343,811	298,870
Recognised over time:		
— Incineration of medical wastage	**—**	5,573
	343,811	304,443

Revenue mainly represents the electricity sales to the local grid companies in the PRC for the years ended 31 December 2023 and 2022.

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

Generally, the receivables are due within 30 days from the date of billing, except for the tariff adjustment. The collection of such tariff adjustment is subject to the allocation of funds by relevant government authorities to the local grid companies.

The financial resource for the tariff adjustment is the national renewable energy fund that accumulated through a special levy on the consumption of electricity of end users. The PRC government is responsible to collect and allocate the fund to the state-owned local grid companies for settlement to the wind power company.

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

6 REVENUE *(continued)*

Accounting policies of revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Revenue is recognised when a performance obligation is satisfied by transferring control of the promised products or services to a customer in an amount that reflects the consideration expected to be collected in exchange for those products or services. The revenue recognition of the Group is determined through the following five steps:

(i) Identification of the contract, or contracts, with a customer;

(ii) Identification of the performance obligations in the contract;

(iii) Determination of the transaction price;

(iv) Allocation of the transaction price to the performance obligations in the contract;

(v) Recognition of revenue when, or as, a performance obligation is satisfied.

At contract inception, it is performed that the assessment and the identification of a performance obligation for each promise to transfer to the customer a product or a service (or bundle of products or services) that is distinct. To identify the performance obligations, the Group considers all the products and services promised in the contract with the customer based on the Group's customary business practices, published policies, or specific statements.

Sales of electricity and tariff adjustments

Revenue from sales of electricity and tariff adjustment is recognised at a point in time when the generated electricity is delivered to the offtakers. Revenue from these sales is recognised based on the price specified in the power purchase agreements. The electricity generation will be confirmed with the offtakers regularly, therefore, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur.

Revenue from sales of electricity is based on the respective on-grid electricity rates. Tariff adjustment represents subsidies received and receivable from the grid companies pursuant to prevailing government policy in respect of the Group's renewable energy projects. Tariff adjustment is recognised at a point in time at fair value where there is a reasonable assurance that the tariff adjustment will be received and the Group will comply with all attached conditions, if any.

Revenue from tariff adjustment is based on the difference between the feed-in-tariff regime implemented by the PRC government for the provision of subsidies to the wind power plant operators in the PRC and the revenue from sales of electricity.

6 REVENUE *(continued)*

Sales of mechanical and electrical equipment

Sales are recognised when control of the mechanical and electrical equipment has transferred, being when the mechanical and electrical equipment are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the mechanical and electrical equipment.

A receivable is recognised when the mechanical and electrical equipment are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. No credit period is provided to the customers.

Incineration of medical wastage

Revenue from incineration of medical wastage is recognised over the period that services are rendered and the Group's performance provide all the benefits received and consumed simultaneously by the customers.

7 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Government subsidy income related to value-added tax refund *(Note (i))*	**20,005**	17,177
Other government subsidy income *(Note (i))*	**252**	319
Rental income from operating leases	**2,509**	2,306
Deferred income	**—**	114
Compensation from insurance claims	**329**	1,375
Others	**76**	106
	23,171	21,397

Note:

(i) There are no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

8 OTHER GAINS, NET

	2023 RMB'000	2022 RMB'000
Gain on redemption of convertible bonds *(Note 31(d))*	—	4,601
Gain on disposal of a subsidiary *(Note 35(b))*	—	3,677
Loss on disposal of property, plant and equipment	(104)	(32)
Fair value loss on financial assets at fair value through profit or loss *(Note 22)*	(256)	(370)
Net foreign exchange gains	74	627
Waiver of other loans interest payables	4,803	7,899
	4,517	16,402

9 EXPENSES BY NATURE

	2023 RMB'000	2022 RMB'000
Auditor's remuneration		
– Audit services	1,367	1,375
– Non-audit services	651	279
Depreciation of property, plant and equipment *(Note 16)*	137,767	153,390
Depreciation of right-of-use assets *(Note 17)*	5,319	4,167
Employee benefit costs, including directors' emoluments *(Note 10)*	44,382	43,277
Legal and professional fees	8,844	13,760
Repair and maintenance expenses	41,402	44,984
Consumable expenses	21,408	19,250
Others	22,625	22,373
Total cost of sales and administrative expenses	283,765	302,855

10 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2023 RMB'000	2022 RMB'000
Salaries, allowances, and benefits in kind	39,011	37,550
Contribution to defined contribution plans	5,371	5,727
	44,382	43,277

10 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(a) Benefits and interest of directors

(i) Directors' emoluments

The remuneration of directors for each of the years ended 31 December 2023 and 2022 are set out below:

	Fees *RMB'000*	Salaries, allowances, and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Contribution to defined contribution plans *RMB'000*	Total *RMB'000*
For the year ended 31 December 2023					
Executive directors					
Mr. Yuan Wanyong (appointed on 8 June 2023)	**—**	**623**	**—**	**—**	**623**
Mr. Zhang Zhixiang ("**Mr. Zhang**")	**—**	**2,399**	**660**	**16**	**3,075**
Mr. Ning Zhongzhi	**—**	**789**	**40**	**—**	**829**
Mr. Li Tian Hai (resigned on 1 June 2023)	**—**	**439**	**—**	**7**	**446**
Mr. Peng Ziwei (resigned on 1 June 2023)	**—**	**263**	**—**	**7**	**270**
Independent non-executive directors					
Mr. Jiang Senlin	**135**	**—**	**—**	**—**	**135**
Mr. Qu Weidong	**135**	**—**	**—**	**—**	**135**
Ms. Hu Xiaolin	**135**	**—**	**—**	**—**	**135**
	405	**4,513**	**700**	**30**	**5,648**
For the year ended 31 December 2022					
Executive directors					
Mr. Zhang Zhixiang ("**Mr. Zhang**")	—	2,291	600	15	2,906
Mr. Ning Zhongzhi	—	783	40	—	823
Mr. Li Tian Hai	—	1,028	—	15	1,043
Mr. Peng Ziwei	—	617	—	15	632
Independent non-executive directors					
Mr. Jiang Senlin	128	1	—	—	129
Mr. Qu Weidong	128	1	—	—	129
Ms. Hu Xiaolin	128	1	—	—	129
	384	4,722	640	45	5,791

10 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(a) Benefits and interest of directors *(continued)*

(i) Directors' emoluments (continued)

The remunerations shown above represent remunerations received from the Company and subsidiaries of the Company by these directors in their capacity as employees to the Company and no directors waived any emolument during the year ended 31 December 2023 (2022: Nil).

No emoluments were paid by the subsidiaries of the Company to the directors as an inducement to join the subsidiaries of the Company, or as compensation for loss of office during the year ended 31 December 2023 (2022: Nil).

(ii) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the year ended 31 December 2023 (2022: Nil).

No payment was made to the directors as compensation for early termination of the appointment during the year ended 31 December 2023 (2022: Nil).

(iii) Consideration provided to third parties for making available directors' services

The Company did not pay consideration to any third parties for making available directors' services for the year ended 31 December 2023 (2022: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2023, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors (2022: Nil).

(v) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in the Note 34, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of the subsidiaries of the Company was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2023 (2022: Nil).

10 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors respectively, whose emoluments were reflected in the analysis presented in Note 10(a) during the year ended 31 December 2023 (2022: two). The emoluments paid/payable to the remaining include three individuals (2022: three) are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Salaries, allowances and benefits in kind	**3,780**	3,612
Contribution to defined contribution plans	**413**	218
	4,193	3,830

The emoluments fell within the following bands:

	Number of individuals	
	2023	*2022*
Emolument band		
Nil to HK$1,000,000	**—**	—
HK$1,000,001–HK$1,500,000	**1**	1
HK$1,500,001–HK$2,000,000	**2**	2
	3	3

During the year ended 31 December 2023, no emoluments have been paid by the Group to the directors or the five highest paid individuals mentioned above as an inducement to join or upon joining the Group, or as compensation for loss of office (2022: Nil).

10 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(b) Five highest paid individuals *(continued)*

Accounting policies of employee benefits

(i) Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") set up pursuant to the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administrated fund. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to vesting fully in the contributions, in accordance with the rules of the MPF Scheme.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employees of the Group in the PRC are required to participate in defined contribution retirement schemes administered and operated by municipal governments. The Group's subsidiaries in the PRC contribute funds to the retirement scheme to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as agreed by the municipal government. Such retirement schemes are responsible for the entire postretirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of retirement benefits beyond the contributions.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the consolidated statement of financial position date.

10 EMPLOYEE BENEFIT COSTS, INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(b) Five highest paid individuals *(continued)*

Accounting policies of employee benefits *(continued)*

(iii) Share-based compensation

The Group operates an employee share options scheme. Information relating to the employee share options scheme is set out in Note 29. The fair value of the share options granted under the share options scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions (for example, the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit and loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(iv) Termination benefit

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.

11 FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest expense on bank loans and other loans	**71,348**	89,200
Interest expense on bonds	**10,073**	10,630
Interest expense on convertible bonds *(Note 31)*	**58,017**	35,398
Default interest expense on convertible bonds	**—**	10,522
Interest expense on notes payables	**3,028**	10,485
Interest expense on lease liabilities *(Note 17)*	**289**	234
	142,755	156,469

12 INCOME TAX EXPENSE

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong during the year (2022: Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands (2022: Nil).

The applicable income tax rate to the Group's PRC subsidiaries is 25% in 2023 and 2022.

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

An analysis of the income tax expense is as follows:

	2023	2022
	RMB'000	*RMB'000*
PRC Corporate income tax		
Current year	**26,969**	10,302
Withholding tax	**—**	679
Deferred income tax *(Note 26)*	**(3,399)**	(5,016)
	23,570	5,965

12 INCOME TAX EXPENSE *(continued)*

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of the PRC as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before income tax	**(71,203)**	(156,055)
National tax on loss before income tax, calculation at the rates applicable to profits in PRC of 25%	**(17,801)**	(39,014)
Tax effect of non-taxable income	**(2,418)**	(3,274)
Tax effect of non-deductible expenses	**30,186**	35,447
Tax effect of tax losses not recognised	**5,763**	6,277
Tax effect of different tax jurisdictions	**7,750**	5,755
Tax effect on share of results of associates and joint ventures	**90**	95
Withholding tax	**—**	679
	23,570	5,965

Accounting policies of current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

12 INCOME TAX EXPENSE *(continued)*

Accounting policies of current and deferred income tax *(continued)*

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iii) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

13 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Loss attributable to the owners of the Company *(RMB'000)*	**(108,955)**	(154,448)
Weighted average number of ordinary shares in issue *(in thousands) (Note)*	**1,100,066**	663,067
Basic loss per share *(RMB)*	**(0.099)**	(0.233)

Note:

The weighted average number of ordinary shares for the years ended 31 December 2023 and 2022 has been adjusted for the five-to-one share consolidation of the Company with effect on 6 July 2023 ("**Share Consolidation**") (Note 27) and the weighted average number of ordinary shares for the year ended 31 December 2023 and 2022 has been adjusted and restated for the bonus element in the rights issue completed during the year ended 31 December 2023.

(b) Diluted loss per share

Diluted loss per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the year ended 31 December 2023, the Group has three (2022: three) categories of potential ordinary shares: including convertible bonds, share options and warrants (2022: convertible bonds, share options and warrants).

The convertible bonds were assumed to have been converted into ordinary shares, and the net loss has been adjusted to eliminate the interest expenses and gain on redemption.

13 LOSS PER SHARE *(continued)*

(b) Diluted loss per share *(continued)*

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

	2023	2022
Loss attributable to the owners of the Company *(RMB'000)*	**(108,955)**	(154,448)
Adjustments for:		
Assumed conversion of certain convertible bonds		
— Interest expenses	—	1,286
— Gain on redemption	—	(4,601)
Adjusted loss attributable to the owners of the Company used to determine the diluted loss per share	**(108,955)**	(157,763)
Weighted average number of ordinary shares in issue (in thousands)	**1,100,066**	(Restated) 663,067
Adjustments for:		
— Assumed conversion of certain convertible bonds	—	6,618
Weighted average number of ordinary shares used to determine the diluted loss per share	**1,100,066**	669,685
Diluted loss per share *(RMB)*	**(0.099)**	(0.236)

All convertible bonds, share options and warrants (2022: certain convertible bonds, share options and warrants) were not assumed to be converted/exercised as they would have an anti-dilutive impact to the loss attributable to the owners of the Company for the year ended 31 December 2023. Accordingly, diluted loss per share for the year ended 31 December 2023 is same as that of basic loss per share.

14 DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2023 (2022: Nil).

15 SUBSIDIARIES

Details of principal subsidiaries at 31 December 2023 are as follows. The class of shares held is ordinary unless otherwise stated.

Name of subsidiaries	Place/country of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Equity interest held by the Group		Principal activities
				2023	2022	
Directly held by the Company:						
City Alliance Management Limited	British Virgin Islands (the "**BVI**")	Hong Kong ("**HK**")	US$1	100%	100%	Investment holding
Power Full Group Holdings Limited 富力集團控股有限公司	The BVI	HK	US$2	100%	100%	Investment holding
Leading Win Resources Limited 領達資源有限公司	The BVI	HK	US$1	100%	100%	Investment holding
Fortune View Alliance Limited	The BVI	HK	US$1	100%	100%	Investment holding
Hong Song Holdings Limited	The BVI	HK	US$1	100%	100%	Investment holding
Sino Renewable Energy Holdings Company Limited	The BVI	HK	US$1	100%	100%	Investment holding
Tycoon Gold Limited 享金有限公司	The BVI	HK	US$1	100%	100%	Investment holding

15 SUBSIDIARIES *(continued)*

Name of subsidiaries	Place/country of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Equity interest held by the Group 2023	Equity interest held by the Group 2022	Principal activities
Indirectly held by the Company:						
Ferson Limited 緯建有限公司	HK	HK	HK$1	**100%**	100%	Management and administration services
Conway Holdings Limited 康威集團有限公司	HK	HK	HK$1	**100%**	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	The PRC	The PRC	Registered and paid up capital RMB100,000	**100%**	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	The PRC	The PRC	Registered and paid up capital RMB30,000,000	**100%**	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	The PRC	The PRC	Registered and paid up capital RMB46,900,000	**100%**	100%	Investment holding
On Win Corporation Limited 進盈有限公司[^]	HK	HK	HK$1	**100%**	100%	Investment holding
Hebei Hongsong Renewable Energy Investment Co., Ltd. [2^] 河北紅松新能源投資有限公司	The PRC	The PRC	Registered and paid up capital RMB171,720,000	**79.06%**	79.06%	Investment holding
Hebei Hongsong Wind Power Co., Ltd.[3^] 河北紅松風力發電股份有限公司	The PRC	The PRC	Registered capital RMB910,000,000 and paid up capital RMB651,947,000	**70.97%**	70.97%	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	The PRC	The PRC	Registered and paid up capital RMB3,000,000	**79.06%**	79.06%	Electrical and mechanical equipment maintenance

15 SUBSIDIARIES *(continued)*

Name of subsidiaries	Place/country of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Equity interest held by the Group		Principal activities
				2023	2022	
Indirectly held by the Company:						
Redwood Group Limited 紅松集團有限公司	HK	HK	HK$1	**100%**	100%	Investment holding
Yangzhou Qingzi Hydrogen Energy Technology Co. Ltd [2] 揚州氫子氫能源科技有限公司	The PRC	The PRC	Registered capital RMB28,000,000 and paid up capital RMB19,523,450	**71.4%**	71.4%	Hydrogen energy business
Asia Renewable Energy Company Limited 亞洲新生能源有限公司	HK	HK	HK$1	**100%**	100%	Investment holding
World Business Limited 環宇國際商務有限公司	HK	HK	HK$10,000	**100%**	100%	Investment holding
Zhuhai Dong Fang Renewable Energy Limited[1] 珠海東方新生能源有限公司	The PRC	The PRC	Registered and paid up capital RMB100,000	**100%**	100%	Investment holding
承德紅松風力發電資詢服務有限公司[2]	The PRC	The PRC	Registered and paid up capital US$20,000	**100%**	100%	Investment holding
承德紅松新能源技術服務有限公司[2]	The PRC	The PRC	Registered and paid up capital RMB30,000	**100%**	100%	Investment holding
北京銀風滙利投資有限公司[2]	The PRC	The PRC	Registered capital RMB360,000,000 and paid up capital RMB147,000,000	**100%**	100%	Investment holding
包頭市銀風滙利新能源投資有限公司[2]	The PRC	The PRC	Registered and paid up capital RMB123,000,000	**100%**	100%	Wind farm operation
北京紅松創投科技發展有限公司[2]	The PRC	The PRC	Registered capital RMB9,000,000 and paid up capital RMB7,000,000	**70.97%**	70.97%	Investment holding

15 SUBSIDIARIES *(continued)*

Name of subsidiaries	Place/country of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Equity interest held by the Group 2023	2022	Principal activities
Indirectly held by the Company:						
Ruifeng Energy Technology Development Limited *(formerly known as Leading Win Credit Limited)* 瑞風能源科技發展有限公司*(前稱領達信貸有限公司)*	HK	HK	HK$10,000	**100%**	100%	Investment holding
紅松河北生物科技股份有限公司[2]	The PRC	The PRC	Registered capital RMB10,000,000 and paid up capital RMB6,700,000	**83.97%**	83.97%	Production of healthy products
Hongsong Renewable Energy (Dongying) Company Limited[2@] 紅松新能源(東營)有限公司	The PRC	The PRC	Registered capital RMB80,000,000 and paid up capital RNBNil	**47.4%**	47.4%	Development of renewable energy business
EBG Ruifeng (Hong Kong) Investment Limited	HK	HK	HK$100	**100%**	100%	Investment holding
EBG Ruifeng Energy Trading Limited	HK	HK	HK$100	**100%**	100%	Investment holding
Beijing Yong Chang Ruifeng Renewable Energy Technology Limited[2] 北京永昌瑞風新能源科技有限公司	The PRC	The PRC	Registered capital RMB50,000,000 and paid up capital RMBNil	**100%**	100%	Investment holding
河北瑞風能源科技有限公司[2@]	The PRC	The PRC	Registered capital RMB4,000,000 and paid up capital RMB1,000,000	**49.68%**	—	Installation and operation of electric vehicle charging piles
Golden Nice Holding Limited	The United Kingdom (the "**UK**")	The UK	Great British Pound ("**GBP**")1	**100%**	—	Investment holding

1 wholly-owned foreign enterprise

2 private limited liability company

3 sino-foreign equity joint venture company

^ At 31 December 2023 and 2022, the issued shares/registered capital of these companies were pledged under shares charges to secured certain other loans of the Group (Note 31)

@ These subsidiaries are more than 50% owned by non-wholly owned subsidiaries of the Group and thus the effective interests are less than 50%.

15 SUBSIDIARIES *(continued)*

The following table lists out the information relating to Hebei Hongsong Wind Power Co., Ltd, a subsidiary of the Group which has material non-controlling interests ("**NCIs**"). The summarised financial information for the years ended 31 December 2023 and 2022 presented below represents the post-acquisition amounts before any inter-company elimination:

	At 31 December 2023	At 31 December 2022
Proportion of ownership interests held by the Group	**70.97%**	70.97%
Proportion of ownership interests held by NCIs	**29.03%**	29.03%

	2023 *RMB'000*	2022 *RMB'000*
Current assets	**1,305,900**	1,257,659
Non-current assets	**732,920**	873,333
Current liabilities	**(196,855)**	(178,447)
Non-current liabilities	**(873,192)**	(1,035,259)
Net assets	**968,773**	917,286
Carrying amount of NCIs	**261,369**	246,421
Revenue	**342,744**	298,870
Profit/(loss) for the year	**58,394**	(7,146)
Total comprehensive income/(loss)	**51,487**	(844)
Total comprehensive income/(loss) allocated to NCIs	**14,948**	(245)
Dividend to NCIs	**—**	(9,672)
Cash flows generated from operating activities	**113,956**	325,732
Cash flows (used in)/generated from investing activities	**(1,663)**	23,120
Cash flows used in financing activities	**(204,956)**	(146,072)

16 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*
At 1 January 2022							
Cost	52,180	2,316,657	18,523	12,500	4,532	98,569	2,502,961
Accumulated depreciation and impairment	(23,057)	(1,356,851)	(6,208)	(8,829)	(3,699)	(40,657)	(1,439,301)
Net book amount	29,123	959,806	12,315	3,671	833	57,912	1,063,660
Year ended 31 December 2022							
Opening net book amount	29,123	959,806	12,315	3,671	833	57,912	1,063,660
Additions	—	—	—	129	1,038	—	1,167
Depreciation	(2,555)	(148,932)	(616)	(878)	(409)	—	(153,390)
Disposal	—	—	—	—	(106)	—	(106)
Disposal of a subsidiary *(Note 35(b))*	—	—	(11,410)	(265)	(142)	—	(11,817)
Impairment loss	—	—	—	—	—	(20,583)	(20,583)
Closing net book amount	26,568	810,874	289	2,657	1,214	37,329	878,931
At 31 December 2022							
Cost	52,180	2,316,657	5,125	12,314	4,416	98,569	2,489,261
Accumulated depreciation and impairment	(25,612)	(1,505,783)	(4,836)	(9,657)	(3,202)	(61,240)	(1,610,330)
Net book amount	26,568	810,874	289	2,657	1,214	37,329	878,931
Year ended 31 December 2023							
Opening net book amount	**26,568**	**810,874**	**289**	**2,657**	**1,214**	**37,329**	**878,931**
Additions	**—**	**—**	**—**	**55**	**3,629**	**—**	**3,684**
Depreciation	**(2,538)**	**(134,114)**	**—**	**(631)**	**(484)**	**—**	**(137,767)**
Disposal	**—**	**(76)**	**—**	**(28)**	**(72)**	**—**	**(176)**
Exchange alignment	**—**	**—**	**—**	**(2)**	**(48)**	**—**	**(50)**
Closing net book amount	**24,030**	**676,684**	**289**	**2,051**	**4,239**	**37,329**	**744,622**
At 31 December 2023							
Cost	**52,180**	**2,315,877**	**5,125**	**11,839**	**7,716**	**98,569**	**2,491,306**
Accumulated depreciation and impairment	**(28,150)**	**(1,639,193)**	**(4,836)**	**(9,788)**	**(3,477)**	**(61,240)**	**(1,746,684)**
Net book amount	**24,030**	**676,684**	**289**	**2,051**	**4,239**	**37,329**	**744,622**

16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation expense of approximately RMB99,000 (2022: approximately RMB134,000) has been charged in administrative expenses and depreciation expense of approximately RMB137,668,000 (2022: approximately RMB153,256,000) has been charged in cost of sales.

As at 31 December 2023, the Group has pledged its certain property, plant and equipment with carrying values of approximately RMB638,234,000 (2022: approximately RMB764,433,000) to secure its other loans (Note 31(e)).

The construction in progress mainly represented the construction of a wind farm project in Baotou City of Inner Mongolia, which was suspended since 2021, and there was no development during the year ended 31 December 2022 and 2023. Management considered that there was an impairment indicator and conducted impairment assessment on the recoverable amounts of this cash generating unit ("**CGU**") of the Group by determining the recoverable amount based on value in use ("**VIU**") calculation using the discounted cash flows forecast (the "**DCF**") approved by the management with the assistance of an independent valuer. The pre-tax discount rate adopted was 11.8% (2022: 11.8%) per annum which reflects the specific risks relating to the Group. Key assumptions adopted and judgment exercise in the preparation of the DCF included the revenue growth rates and the pre-tax discount rate. Based on the results of management's impairment assessment, management determined that the estimated recoverable amounts of this CGU determined under the VIU method as at 31 December 2023 are higher than their carrying amounts as at 31 December 2023 (2022: the estimated recoverable amounts of this CGU determined under the VIU method as at 31 December 2022 are lower than their carrying amounts as at 31 December 2022). As a result, no impairment loss (2022: impairment loss of approximately RMB20,583,000) in respect of property, plant and equipment of this CGU was made for the year ended 31 December 2023.

Accounting policies of property, plant and equipment

Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:

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

See Note 38.6 for other accounting policies relevant to property, plant and equipment and Note 38.9 for accounting policies of impairment of non-financial assets.

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

	2023 *RMB'000*	2022 *RMB'000*
Right-of-use assets		
Land use rights	8,418	8,816
Offices	7,664	11,431
	16,082	20,247
Lease liabilities		
Current	3,752	3,703
Non-current	1,073	3,428
	4,825	7,131

	2023 *RMB'000*	2022 *RMB'000*
Additions to right-of-use assets	1,690	7,322
Early termination of lease	520	—
Disposal of a subsidiary *(Note 35(b))*	—	(2,552)
Modification of lease *(Note)*	—	(5,796)

Note:

During the year ended 31 December 2022, the Group modified a lease contract with lessor to revise the monthly rental and shorten the lease term of the lease from 6 years to 4 years. The Group had already prepaid all the rental upon entering into the previous lease contract in 2021. As the modification did not add the right to use one or more underlying assets, it was not accounted for as a separate lease. Accordingly, the Group recognised a decrease in amount of approximately RMB5,796,000 of right-of-use assets included in offices in 2022.

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

(b) Amounts recognised in the consolidated statement of profit or loss

	2023	2022
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets:		
— Land use rights	**398**	434
— Offices	**4,921**	3,733
	5,319	4,167
Interest expenses on lease liabilities *(Note 11)*	**289**	234
Total cash outflow for leases	**3,740**	2,538

(c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights and offices. Lease agreements for land use rights and offices are entered into for the fixed periods of 40 years and 2 to 4 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. There are no renewal options and variable lease payments included in these lease agreements.

Accounting policies of leases

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

Accounting policies of leases *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes any adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

See Note 38.21 for the other accounting policies relevant to leases.

18 INTERESTS IN ASSOCIATES

	2023 *RMB'000*	2022 *RMB'000*
At the beginning of the year	**2,036**	2,614
Share of losses for the year	**(547)**	(578)
At the end of the year	**1,489**	2,036

(a) Particulars of the associates are as follows:

Name	Principal activities	Place/country of incorporation/ establishment	% of ownership interest (Indirect)		% of voting rights held by the Group (Indirect)	
			2023	2022	**2023**	2022
Shenzhen Qianhai Jiefeng Financing and Leasing Limited ("**Shenzhen Qianhai**")	Financial leasing, purchase of leased assets, lease advisory and guarantees	The PRC	**45.13%**	45.13%	**49%**	49%
Poly Wealth Securities Limited ("**Poly Wealth**")	Securities brokerage	HK	**25%**	25%	**25%**	25%

18 INTERESTS IN ASSOCIATES *(continued)*

Set out below are the summarised financial information for the associate which was individually immaterial to the Group.

	Poly Wealth	
	2023	2022
	RMB'000	*RMB'000*
The Group's share on:		
Loss and other comprehensive income for the year	**(547)**	(578)

Accounting policies of equity accounting

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

See Note 38.8 for the other accounting policies relevant to equity accounting.

19 INTERESTS IN JOINT VENTURES

	2023	2022
	RMB'000	*RMB'000*
At the beginning of the year	**—**	—
Contribution	**3,060**	—
Share of profits for the year	**1**	—
At the end of the year	**3,061**	—

19 INTERESTS IN JOINT VENTURES *(continued)*

(a) Particulars of the joint ventures are as follows:

Name	Principal activities	Place/ country of incorporation/ establishment	% of ownership interest (Indirect)	
			2023	2022
Hongsong Agriculture and Animal Husbandry Technology (Shandong) Co., Ltd. 紅松農牧科技（山東）有限公司	Provision of agriculture and animal husbandry technology related services	The PRC	**35.5%***	35.5%*
Beijing Xinhongsong New Energy Technology Service Co., Ltd. 北京欣紅松新能源技術服務有限責任公司 (“**Xinhongsong**”)	Electrical and mechanical equipment maintenance	The PRC	**36.19%**	—

* As at 31 December 2023 and 2022, the Group did not pay up any capital in Hongsong Agriculture and Animal Husbandry Technology (Shandong) Co., Ltd..

Set out below are the summarised financial information for the joint venture which was individually immaterial to the Group.

	Xinhongsong	
	2023 *RMB’000*	2022 *RMB’000*
The Group’s share on:		
Profit and other comprehensive income for the year	**1**	—

Accounting policies of equity accounting

Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

See Note 38.8 for the other accounting policies relevant to equity accounting.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2023	2022
	RMB'000	*RMB'000*
Financial assets		
At fair value		
— Financial assets at fair value through other comprehensive income	**27,370**	12,791
— Financial assets at fair value through profit or loss	**5,346**	6,587
	32,716	19,378
At amortised cost		
— Trade receivables	**196,003**	136,833
— Other receivables	**339,064**	357,911
— Cash and cash equivalents	**385,512**	420,843
	920,579	915,587
	953,295	934,965
Financial liabilities		
At amortised cost		
— Trade and other payables	**107,713**	150,134
— Borrowings	**1,519,535**	1,723,070
— Lease liabilities	**4,825**	7,131
	1,632,073	1,880,335

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income ("**FVOCI**") comprise of equity securities which 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.

(b) Equity investments at fair value through other comprehensive income

	2023 ***RMB'000***	2022 *RMB'000*
Unlisted equity investments in the PRC	**27,370**	12,791

(c) Amount recognised in consolidated statement of comprehensive income

	2023 ***RMB'000***	2022 *RMB'000*
Change in fair value of financial assets at fair value through other comprehensive income	**(5,421)**	6,302

(d) Valuation process

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Accounting policies for investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Equity investments at fair value through profit or loss

	2023 *RMB'000*	2022 *RMB'000*
Unlisted equity investment in the Cayman Islands	**3,324**	4,260
Listed equity investments in HK and in the PRC	**2,022**	2,327
	5,346	6,587

	2023 *RMB'000*	2022 *RMB'000*
Analysed as:		
Current assets	**2,022**	2,327
Non-current assets	**3,324**	4,260
	5,346	6,587

(b) Amount recognised in consolidated statement of profit or loss

	2023 *RMB'000*	2022 *RMB'000*
Fair value loss on financial assets at fair value through profit or loss	**(256)**	(370)

(c) Valuation process

Information about the methods and assumptions used in determining fair value of unlisted equity investment is provided in Note 3.3.

Accounting policies for investments and other financial assets

See Note 21 for the accounting policies relevant to investments and other financial assets.

23 INVENTORIES

	2023 **RMB'000**	2022 RMB'000
Finished goods	**—**	619

24 TRADE AND OTHER RECEIVABLES

	2023 **RMB'000**	2022 RMB'000
Trade receivables *(Note a)*	**198,033**	138,863
Less: provision for loss allowance	**(2,030)**	(2,030)
	196,003	136,833
Prepayments, deposits, and other receivables *(Note b)*	**485,984**	529,328
	681,987	666,161
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	**(133,776)**	(156,026)
— Deposits for other loans	**(28,000)**	(28,000)
	(161,776)	(184,026)
Current portion	**520,211**	482,135

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023 **RMB'000**	2022 RMB'000
RMB	**645,400**	627,841
HK$	**36,587**	38,320
	681,987	666,161

24 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Trade receivables

As at 31 December 2023, the Group has pledged certain of its trade receivables with carrying values of approximately RMB194,797,000 (2022: approximately RMB136,816,000) to secure its other loans (2022: other loans).

The Group's trade receivables mainly represented the sales of electricity receivable from the local grid companies. Generally, the receivables are due within 30 days from the date of billing, except for the tariff adjustment. The collection of such tariff adjustment is subject to the allocation of funds by relevant government authorities to the local grid companies. The ageing analysis of the trade receivables net of provision for loss allowance based on invoice date is as follows:

	2023	2022
	RMB'000	*RMB'000*
Unbilled *(Note)*	**165,403**	115,318
Within three months	**30,600**	21,498
More than three months but within one year	**—**	—
More than one year	**—**	17
	196,003	136,833

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

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

	2023	2022
	RMB'000	*RMB'000*
Within three months	**64,402**	41,707
More than three months but within one year	**69,685**	68,234
More than one year	**61,916**	26,892
	196,003	136,833

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group considered that recovery of the amount is remote, in which case the allowance account is written off against trade receivables directly.

At 31 December 2023, trade receivables of the Group amounting to approximately RMB2,030,000 (2022: approximately RMB2,030,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 1 year as at 31 December 2023 and 2022 or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

24 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Prepayments, deposits, and other receivables

	2023	2022
	RMB'000	*RMB'000*
Other receivables *(Note (i))*	**345,354**	335,319
Less: provision for loss allowance	**(201,427)**	(186,967)
	143,927	148,352
Loan receivables *(Note (ii))*	**218,856**	236,557
Less: provision for loss allowance	**(66,642)**	(64,921)
	152,214	171,636
Amount due from an associate *(Note 18)*	**29,187**	29,187
Less: provision for loss allowance	**(29,187)**	(29,187)
	—	—
Amount due from a non-controlling interest *(Note (iii))*	**14,923**	9,923
Deposit for other loans *(Note (iv))*	**28,000**	28,000
Prepayments	**146,920**	171,417
Total	**485,984**	529,328
Less: Non-current portion		
— Prepayments for acquisition of property, plant and equipment and investments	**(133,776)**	(156,026)
— Deposit for other loans	**(28,000)**	(28,000)
	(161,776)	(184,026)
Current portion	**324,208**	345,302

24 TRADE AND OTHER RECEIVABLES *(continued)*

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

The movement in provision for loss allowance on other receivables, loan receivables and amount due from an associate are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of the year	**281,075**	294,056
Provision for impairment	**24,872**	27,503
Write-off	**(9,981)**	(41,487)
Disposal of a subsidiary	**—**	(2,475)
Exchange realignment	**1,290**	3,478
At end of the year	**297,256**	281,075

Details of provision for loss allowance on other receivables, loan receivables and amount due from an associate for the years ended 31 December 2023 and 2022 are set out in Note 3.1(b).

Notes:

(i) The balances mainly represent the other receivables of approximately RMB117,718,000 were due from Suzlon, which were fully impaired as at 31 December 2023 and 2022.

(ii) As at 31 December 2023 and 2022, the loan receivables from independent third parties were unsecured, interest-bearing at rates ranging from 5%-18% (2022: 5%-18%) per annum and repayable within one year. Loan receivables from independent third parties with aggregate gross amounts of approximately RMB127,775,000 (2022: RMB136,790,000) were guaranteed by business partners of those independent third parties. Loan receivables from independent third parties with aggregate gross amounts of approximately RMB7,250,000 (2022: approximately RMB7,250,000) were guaranteed by a shareholder of the independent third parties. The remaining loan receivables from independent third parties were unguaranteed.

(iii) As at 31 December 2023 and 2022, the amount due from a non-controlling interest was unsecured, interest-free and repayable on demand.

(iv) As at 31 December 2023 and 2022, the Group has pledged certain of its deposits with carrying values of approximately RMB28,000,000 (2022: approximately RMB28,000,000) to secure its other loans (Note 31(e)).

25 CASH AND CASH EQUIVALENTS

	2023 *RMB'000*	2022 *RMB'000*
Cash at banks	**385,161**	420,132
Cash on hand	**351**	711
	385,512	420,843

The Group's cash and cash equivalents are denominated in the following currencies:

	2023 *RMB'000*	2022 *RMB'000*
RMB	**358,187**	416,671
HK$	**27,325**	4,172
	385,512	420,843

As at 31 December 2023, the cash and cash equivalents of the Group amounted to approximately RMB360,235,000 (2022: approximately RMB415,651,000), were deposited with the banks in the PRC where the remittance of funds is subject to foreign exchange control.

26 DEFERRED INCOME TAX LIABILITIES

	2023 *RMB'000*	2022 *RMB'000*
Deferred income tax liabilities		
— To be settled within one year	**2,428**	5,822
— To be settled after one year	**3,399**	3,399
	5,827	9,221

26 DEFERRED INCOME TAX LIABILITIES *(continued)*

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

	Revaluation of property *RMB'000*	Withholding tax on future dividend income *RMB'000*	Total *RMB'000*
At 1 January 2022	(12,371)	(1,719)	(14,090)
Credited to the consolidated statement of profit or loss	3,399	1,617	5,016
Exchange realignment	—	(147)	(147)
At 31 December 2022 and 1 January 2023	**(8,972)**	**(249)**	**(9,221)**
Credited to the consolidated statement of profit or loss	**3,399**	**—**	**3,399**
Exchange realignment	**—**	**(5)**	**(5)**
At 31 December 2023	**(5,573)**	**(254)**	**(5,827)**

At 31 December 2023, the Group has unused tax losses of approximately RMB79,844,000 (2022: approximately RMB60,005,000) available for offset against future profits which can be carried forward five years after they are incurred under current tax legislation. No deferred income tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

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 2023, deferred tax liabilities of approximately RMB16,602,000 (2022: approximately RMB17,234,000) 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.

27 SHARE CAPITAL

	Note	Number of shares '000	Amount RMB'000
Authorised			
As at 1 January 2022, 31 December 2022 and 1 January 2023, ordinary shares of HK$0.01 each		10,000,000	87,912
Capital reorganisation			
— Share Consolidation	(i)(a)	(8,000,000)	—
— Increase in authorised share capital	(i)(b)	8,000,000	—
As at 31 December 2023, ordinary shares of HK$0.05 each		**10,000,000**	**87,912**
Issued and fully paid			
As at 1 January 2022 ordinary shares of HK$0.01 each		1,979,141	17,286
Redemption of convertible bonds	(iii)	70,000	598
As at 31 December 2022 and 1 January 2023, ordinary shares of HK$0.01 each		2,049,141	17,884
Conversion of convertible bonds	31(d)	325,667	2,850
Capital reorganisation			
— Share Consolidation	(i)(a)	(1,899,847)	—
Issuance of shares under rights issue	(ii)	1,187,404	54,323
As at 31 December 2023, ordinary shares of HK$0.05 each		**1,662,365**	**75,057**

27 SHARE CAPITAL *(continued)*

Notes:

(i) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting held on 4 July 2023, the Company's capital reorganisation involve the following:

(a) every five (5) existing shares in the issued and unissued shares of HK$0.01 each would be consolidated into one (1) consolidated share of HK$0.05 each ("**Consolidated Share(s)**") and became effective on 6 July 2023 ("**Share Consolidation**"); and

(b) following the Share Consolidation, the authorised share capital of the Company was increased from 2,000,000,000 Consolidated Shares divided into 10,000,000,000 Consolidated Shares, by the creation of 8,000,000,000 Consolidated Shares, and became effective on 6 July 2023.

(ii) In August 2023, the Company completed a rights issue at a price of HK$0.18 per rights share on the basis of five rights shares for every two shares ("**Rights Issue**") and issued an aggregate of approximately 1,187,404,000 new ordinary shares of HK$0.05 each to the shareholders and investors. Proceeds from the Rights Issue net of transaction costs of approximately HK$1,100,000 amounted to approximately HK$213,000,000.

(iii) On 30 June 2022, the Company and Well Foundation Company Limited ("**Well Foundation**") entered into a deed of settlement, pursuant to which the Company has agreed to redeem the 2019 Convertible Bonds (as defined in Note 31(d)) in the principal amount of HK$19,612,000 and outstanding interests payable to Well Foundation in the aggregate sum of HK$27,850,000 by cash in the sum of HK$10,000,000 and by issue of 70,000,000 ordinary shares at the issue price of HK$0.255 per ordinary share to Well Foundation. The allotment of ordinary shares was completed on 15 July 2022 and the closing price of the shares on 15 July 2022 was HK$0.178 and the premium on the issue of ordinary shares, amounting to approximately HK$11,760,000 (equivalent to approximately RMB10,040,000) was credited to the Company's share premium account.

28 RESERVES

(a) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(b) Statutory reserve

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 transfer to paid-up capital is not less than 25% of its registered capital.

(c) Translation reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of an entity with functional currency other than RMB.

(d) Convertible bonds reserve

The convertible bonds reserve comprises the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 31.

(e) Share options reserve

The share options reserve comprises the portion of the grant date fair value of unexercised share options granted to directors and employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payment in Note 10.

(f) Warrants reserve

The warrants reserve comprises the portion of the grant date fair value of unexercised non-listed warrants.

(g) Fair value reserve

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period.

29 SHARE-BASED PAYMENT

(a) Share options

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.

29 SHARE-BASED PAYMENT *(continued)*

(a) Share options *(continued)*

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.

During the year ended 31 December 2023, none of the share options have been granted under the Share Option Scheme (2022: Nil).

During the year ended 31 December 2023, the Company has completed the Share Consolidation and then Rights Issue. Accordingly, the exercise price and the number of the outstanding share options granted under the Share Option Scheme have been adjusted as follows:

	Immediately prior to the completion of Share Consolidation but before Rights Issue		Immediately after the completion of Share Consolidation but before Rights Issue		Immediately after the completion of Rights Issue and Share Consolidation	
Date of grant	Number of shares falling to be issued upon exercise of the outstanding share options	Exercise price per share *(HK$)*	Adjusted number of shares falling to be issued upon exercise of the outstanding share options	Adjusted exercise price per share *(HK$)*	Adjusted number of shares falling to be issued upon exercise of the outstanding share options	Adjusted exercise price per share *(HK$)*
29 January 2021	179,900,000	0.18	35,980,000	0.9	59,295,040	0.546

29 SHARE-BASED PAYMENT *(continued)*

(a) Share options *(continued)*

As at 31 December 2023 and 2022, 56,658,240 and 179,900,000 share options were outstanding respectively. The Company had refreshed 10% scheme mandate limit for granting share options under the Share Option Scheme with the Shareholders' approval on the annual general meeting held on 29 July 2021.

As at the date of this report, the total number of outstanding options available for grant under the Share Option Scheme was 39,582,816 (2022: 197,914,080) shares, which represented approximately 2.4% (2022: approximately 10%) of the shares of the Company in issue.

The following table discloses movements in the outstanding option granted by the Company under the Share Option Scheme during the years ended 31 December 2023 and 31 December 2022:

		Number of share options									
Year	Category of participant	As at 1 January 2023	Granted during the year	Adjustments on Share Consolidation	Adjustments on Rights Issue	Cancelled/ lapsed during the year	Exercised during the year	As at 31 December 2023	Grant date	Exercise period *(Note)*	Exercise price per share after/ before the Share Consolidation and Rights Issue
2023	Directors in aggregate	71,000,000	–	(56,800,000)	9,201,600	(2,636,800)	–	**20,764,800**	29 January 2021	4 years commencing from 29 January 2021	HK$0.546/ HK$0.18
	Employees in aggregate	108,900,000	–	(87,120,000)	14,113,440	–	–	**35,893,440**	29 January 2021	4 years commencing from 29 January 2021	HK$0.546/ HK$0.18
	Total	179,900,000	–	(143,920,000)	23,315,040	(2,636,800)	–	**56,658,240**			

		Number of share options									
Year	Category of participant	As at 1 January 2022	Granted during the year	Adjustments on Share Consolidation	Adjustments on Rights Issue	Cancelled/ lapsed during the year	Exercised during the year	As at 31 December 2022	Grant date	Exercise period *(Note)*	Exercise price per share
2022	Directors in aggregate	71,000,000	–	–	–	–	–	71,000,000	29 January 2021	4 years commencing from 29 January 2021	HK$0.18
	Employees in aggregate	108,900,000	–	–	–	–	–	108,900,000	29 January 2021	4 years commencing from 29 January 2021	HK$0.18
	Total	179,900,000	–	–	–	–	–	179,900,000			

Note: All share options granted were vested immediately on grant date.

29 SHARE-BASED PAYMENT *(continued)*

(a) Share options *(continued)*

The variables and assumptions used in computing the fair value of the share options are based on Management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. The significant assumptions used in the binomial model to derive the fair value at the date of grant conducted by an independent valuer were as follows:

Date of grant	29 January 2021
Risk free rate	0.231%
Expected volatility	50%
Expected dividend yield	0%
Life of option (year)	4
Closing share price at grant date	HK$0.177
Exercise price per share	HK$0.18
Weighted average fair value per share option	RMB0.057

The expected volatility was calculated based on the historic volatility of share prices of the Company and comparable companies based on publicly available information. Expected dividend yield was based on historic dividends.

During the year 31 December 2023, no share-based payment expenses (2022: nil) were recognised in the consolidated statement of profit or loss in relation to share options.

29 SHARE-BASED PAYMENT *(continued)*

(b) Non-listed warrants

On 3 March 2021, the Company entered into the warrant placing agreement with the sole placing agent, who is an independent third party, pursuant to which the sole placing agent has conditionally agreed to procure, on a best effort basis, not less than six independent placees to subscribe for up to 395,828,160 warrants for its service provided at a placing price of HK$0.015 per warrant under specific mandate.

The subscription rights attaching to the warrants will be exercisable within 18 months from the date of the issue of the warrants. Each warrant carries the right to subscribe for one warrant share, assuming full conversion of the subscription rights attaching to the 395,828,160 warrants at the amended warrant exercise price of HK$0.22 per warrant share, a maximum of 395,828,160 warrant shares will be allotted and issued.

The placing of warrants was completed on 5 August 2021. The warrants were classified as equity instruments. The fair value of the warrants was approximately RMB13,366,000 at date of its service received and an equity-settled share-based payment expense was also recognised in the consolidated statement of profit or loss. The net proceeds from the placing were approximately RMB4,801,000, being available for the general working capital of the Company.

The fair value of the warrants at 5 August 2021 were determined by reference to a valuation using Binomial Tree Model. The inputs and methodology used for the calculation of the fair value of the warrants are as follows:

Date of issuance	5 August 2021
Share price	HK$0.218
Time to maturity	18 months
Risk-free rate	0.06%
Dividend yield	0%
Volatility	52.07%

The Company's non-listed warrants were lapsed on 4 February 2023 and none of the rights attached to the warrants has been exercised.

30 TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	21,196	19,243
Interest payables	22,783	34,547
Other tax payables	—	1,232
Payables on acquisition of property, plant, and equipment	12,190	12,059
Payables on acquisition of a subsidiary *(Note (i))*	13,143	14,007
Amounts due to directors *(Note (ii))*	1,340	9,442
Amounts due to non-controlling interests *(Note (ii))*	2,314	19,422
Amount due to an associate *(Note (ii))*	681	—
Other payables and accruals	34,066	41,414
	107,713	151,366

Notes:

(i) As at 31 December 2023 and 2022, the balance mainly included the outstanding payable to the vendors for the acquisition of equity interests in Hebei Hongsong Renewable Energy Investment Co., Ltd.

(ii) As at 31 December 2023 and 2022, the amounts were unsecured, interest-free and repayable on demand.

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

	2023 RMB'000	2022 RMB'000
Within three months	20,826	18,867
More than three months but within one year	35	6
More than one year	335	370
	21,196	19,243

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

	2023 RMB'000	2022 RMB'000
RMB	76,323	106,888
HK$	31,390	44,478
	107,713	151,366

31 BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Bank loans, secured *(Note a)*	**1,433**	8,000
Bonds *(Note b)*	**109,360**	142,666
Notes payables *(Note c)*	**7,749**	59,107
Convertible bonds *(Note d)*	**336,723**	302,619
Other loans *(Note e)*	**1,059,800**	1,210,678
Loans from related parties *(Note f)*	**4,470**	—
Total	**1,519,535**	1,723,070
Less: Non-current portion		
— Bank loans, secured *(Note a)*	**(1,181)**	—
— Bonds *(Note b)*	**(29,582)**	(71,713)
— Convertible bonds *(Note d)*	**(336,440)**	(302,619)
— Other loans *(Note e)*	**(867,620)**	(1,026,287)
— Loans from related parties *(Note f)*	**(3,470)**	—
	(1,238,293)	(1,400,619)
Current portion	**281,242**	322,451

(a) Bank loans, secured

Details of the repayment schedule in respect of the interest-bearing bank borrowings are as follows:

	2023	2022
	RMB'000	*RMB'000*
Within one year	**252**	8,000
Between one to two years	**1,181**	—
	1,433	8,000

31 BORROWINGS *(continued)*

(a) Bank loans, secured *(continued)*

As at 31 December 2023, the Group's interest-bearing bank loans are secured and guaranteed by the personal guarantees provided by Mr. Zhang (2022: a related company of which Mr. Li Baosheng, a former executive director of the Company, is the beneficial owner of that related company).

The effective interest rate on secured bank loans was approximately 12% per annum (2022: 8% per annum).

The carrying amounts of bank loans approximate their fair values and are denominated in the following currencies:

	2023 ***RMB'000***	2022 *RMB'000*
RMB	—	8,000
HK$	**1,433**	—
	1,433	8,000

(b) Bonds

As at 31 December 2023, the unsecured bonds were issued in an aggregated principal amount of approximately HK$116,416,000 (2022: approximately HK$151,311,000) with maturity in one to two years (2022: one to three years). The bonds carry fixed interest rate at range of 7%–10% per annum (2022: 7%–10% per annum) and interest is payable in arrears yearly. As at 31 December 2023, the bonds of approximately RMB79,778,000 are classified as current liabilities (2022: approximately RMB70,953,000) and approximately RMB29,582,000 are classified as non-current liabilities (2022: approximately RMB71,713,000).

(c) Notes payables

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

During the year ended 31 December 2023, the notes payables with principal amount of approximately HK$64,751,000 (2022: approximately HK$13,542,000) has been repaid and the principal amount of the notes payables has been fully repaid accordingly and the balance represented the outstanding interest payable to the lenders as at 31 December 2023.

31 BORROWINGS *(continued)*

(d) Convertible bonds

(i) 2019 Convertible Bonds

On 31 December 2018, the Company, Filled Converge Limited ("**Filled Converge**") (a company wholly-owned by Mr. Zhang, an executive director of the Company) and Well Foundation entered into a subscription agreement, pursuant to which the Company conditionally agreed to issue and (i) Filled Converge conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$294,183,000 and (ii) Well Foundation conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$19,612,000 (the "**2019 Convertible Bonds**"). The 2019 Convertible Bonds are in aggregation in the amount of HK$313,795,000 due in 2021 and extendable to 2022 at an interest rate of 8% per annum, with the conversion rights to convert the outstanding principal amount of the 2019 Convertible Bonds into the shares at an initial conversion price of HK$0.485 per conversion share.

The 2019 Convertible Bonds were due in March 2021 and were not be extended to 2022. The Company has been under the negotiation and discussion with Filled Converge and Well Foundation since January 2021 for settlement of the 2019 Convertible Bonds. On 28 January 2022, the Company and Filled Converge entered into the subscription agreement of new convertible bonds to settle the outstanding 2019 Convertible Bonds payable to Filled Converge. Details please refer to "(ii) 2022 Convertible Bonds" as below. On 30 June 2022, the Company and Well Foundation entered into a deed of settlement, pursuant to which the Company has agreed to redeem the 2019 Convertible Bonds in the principal amount of HK$19,612,000 and outstanding interests payable to Well Foundation in the aggregate sum of HK$27,850,000 by cash in the sum of HK$10,000,000 and by issue of 70,000,000 ordinary shares at the issue price of HK$0.255 per ordinary share to Well Foundation. The allotment of ordinary shares was completed on 15 July 2022 and the Company fully settled all outstanding amounts payable to Well Foundation under the deed of settlement on 9 August 2022. The 2019 Convertible Bonds in the principal amount of HK$19,612,000 and the interest payable of HK$8,238,000 to Well Foundation were fully settled. The carrying values of 2019 Convertible Bonds and the related interest payable were close to their fair value as of the settlement date. The fair value of the equity component was close to zero as of the settlement date.

(ii) 2022 Convertible Bonds

On 28 April 2022, the Company issued the convertible bonds in the principal amount of HK$356,375,000 (the "**2022 Convertible Bonds**") to Filled Converge, which would be used for the settlement of outstanding principal amount and interest payable by the Company to Filled Converge under the 2019 Convertible Bonds. The 2022 Convertible Bonds are due in 2025 and at an interest rate of 10% per annum, with the conversion rights to convert the outstanding principal amount of the 2022 Convertible Bonds into the shares at an initial conversion price of HK$0.180 per conversion share.

31 BORROWINGS *(continued)*

(d) Convertible bonds *(continued)*

(ii) 2022 Convertible Bonds *(continued)*

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

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

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

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

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

31 BORROWINGS *(continued)*

(d) Convertible bonds *(continued)*

(ii) 2022 Convertible Bonds *(continued)*

During the year ended 31 December 2023, the Company has completed the Share Consolidation and the Rights Issue. Accordingly, the conversion price and the number of the shares to be issued and allotted upon full exercise of the outstanding 2022 Convertible Bonds have been adjusted as follows:

	Immediately prior to the completion of Share Consolidation but before Rights Issue		Immediately after the completion of Share Consolidation but before Rights Issue		Immediately after the completion of Rights Issue and Share Consolidation	
Outstanding principal amount of the 2022 Convertible Bonds *(HK$)*	Number of the shares to be issued and allotted upon full exercise of the outstanding 2022 Convertible Bonds	Conversion price *(HK$)*	Adjusted number of the shares to be issued and allotted upon full exercise of the outstanding 2022 Convertible Bonds	Conversion price *(HK$)*	Adjusted number of the shares to be issued and allotted upon full exercise of the outstanding 2022 Convertible Bonds	Conversion price *(HK$)*
356,375,000	1,979,861,111	0.18	395,972,222	0.9	494,278,779	0.721

31 BORROWINGS *(continued)*

(d) Convertible bonds *(continued)*

(iii) 2023 Convertible Bonds

On 6 February 2023, the Company issued the convertible bonds in the principal amount of HK$19,540,000 (the "**2023 Convertible Bonds**") to Mr. Xu Yingjie ("**Mr. Xu**"). The 2023 Convertible Bonds are due in 2026 and at an interest rate of 7% per annum, which the conversion rights to convert the outstanding principal amount of the 2023 Convertible Bonds into the shares at an initial conversion price of HK$0.06 per conversion share.

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

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

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

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

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

31 BORROWINGS *(continued)*

(d) Convertible bonds *(continued)*

(iii) ***2023 Convertible Bonds*** *(continued)*

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

The movement of liability and equity component of the 2019 Convertible Bonds, 2022 Convertible Bonds and 2023 Convertible Bonds for the years is set out as below:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
As at 1 January 2022	255,743	17,047	272,790
Issued during the year	258,867	29,654	288,521
Interest expenses *(Note 11)*	35,398	—	35,398
Settlement of interest	(16,153)	—	(16,153)
Redemption	(254,913)	(17,047)	(271,960)
Exchange realignment	23,677	—	23,677
As at 31 December 2022 and 1 January 2023	**302,619**	**29,654**	**332,273**
Issued during the year	**11,278**	**5,672**	**16,950**
Interest expenses *(Note 11)*	**58,017**	**—**	**58,017**
Settlement of interest	**(32,145)**	**—**	**(32,145)**
Conversion	**(11,559)**	**(5,672)**	**(17,231)**
Exchange realignment	**8,513**	**—**	**8,513**
As at 31 December 2023	**336,723**	**29,654**	**366,377**

Accounting policies of compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to 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.

31 BORROWINGS (CONTINUED) *(Continued)*

(d) Convertible bonds (continued) *(Continued)*

(iii) 2023 Convertible Bonds (continued) *(Continued)*

Accounting policies of compound financial instruments (Continued)

The liability component of a convertible bond is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the convertible bond as a whole and the fair value of the liability component, which is included in shareholders' equity in convertible bonds reserves. Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method.

The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry.

If the convertible bonds is converted, the convertible bonds 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 compound financial instrument is redeemed, the convertible bonds reserve is released directly to accumulated losses.

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

31 BORROWINGS *(continued)*

(e) Other loans

Details of the repayment schedule in respect of other loans are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within one year	**192,180**	184,391
Within a period of more than one year but not exceeding two years	**123,402**	157,531
Within a period of more than two years but not exceeding five years	**395,020**	239,950
More than five years	**349,198**	628,806
	1,059,800	1,210,678

As at 31 December 2023 and 2022, the other loans were secured and guaranteed as follows:

	2023 *RMB'000*	2022 *RMB'000*
Secured and guaranteed *(Note)*	**1,024,800**	1,163,511
Unsecured	**35,000**	47,167
	1,059,800	1,210,678

Note:

At 31 December 2023, secured loans included loans amounted to approximately RMB1,024,800,000 (2022: approximately RMB1,163,511,000) in connection with the sales and leaseback transactions by the Company in 2020 which constitutes a very substantial disposal of the Company under the Listing Rules, of which loan periods ranged from 5 to 13 years (2022: 5 to 13 years).

31 BORROWINGS *(continued)*

(e) Other loans *(continued)*

At 31 December 2023, 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 RMB638,234,000 (2022: approximately RMB764,433,000);

— the Group's certain deposits with carrying values of approximately RMB28,000,000 (2022: approximately RMB28,000,000);

— the Group's certain trade receivables with carrying values of approximately RMB194,797,000 (2022: approximately RMB136,816,000);

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

— personal guarantees provided by Mr. Zhang and his spouse 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 6.3% per annum (2022: approximated 6.3% per annum).

At 31 December 2023, all other loans are denominated in RMB (2022: except for the other loans of approximately RMB6,048,000 which is denominated in US$, all other loans are denominated in RMB).

(f) Loans from related parties

At 31 December 2023, the loans from related parties of approximately RMB1,000,000 are unsecured, interest-bearing at the rate of approximately 9% per annum and repayable on demand and the loans from related parties of RMB3,470,000 are unsecured, interest-free and matured in two years. All of the loans from related parties are denominated in RMB. The related parties are controlled by Mr. Yuan Wanyong, an executive director and chairman of the Company.

32 DEFERRED INCOME

Government grants	2022 *RMB'000*
At beginning of the year	687
Business acquisition	—
Addition	199
Utilisation	(114)
Disposal of a subsidiary *(Note 35(b))*	(772)
At the end of the year	—

The government grants mainly represented amounts designated for purchasing incineration of medical wastage facilities and motor vehicles received, which was recorded as deferred income in the consolidated statement of financial position and is credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Notes	2023 RMB'000	2022 RMB'000
Loss before income tax		**(71,203)**	(156,055)
Adjustments for:			
Depreciation of property, plant and equipment	9	**137,767**	153,390
Depreciation of right-of-use assets	9	**5,319**	4,167
Interest income		**(9,236)**	(9,691)
Finance costs	11	**142,755**	156,469
Provision for expected credit losses on other receivables		**24,872**	27,503
Impairment on property, plant and equipment	16	**—**	20,583
Share of losses of associates	18	**547**	578
Share of profits of a joint venture	19	**(1)**	—
Gain on redemption of convertible bonds	8	**—**	(4,601)
Gain on disposal of a subsidiary	35(b)	**—**	(3,677)
Loss on disposal of property, plant and equipment	8	**104**	32
Fair value losses on financial assets at fair value through profit or loss	8	**256**	370
Waiver of other loans interest payables	8	**(4,803)**	(7,899)
Deferred income	7	**—**	(114)
Operating profit before working capital changes		**226,377**	181,055
Changes in working capital:			
Inventories		**619**	(16)
Trade and other receivables		**(72,368)**	223,846
Trade and other payables		**(14,729)**	(28,129)
Cash generated from operations		**139,899**	376,756

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Net debt reconciliation

This section sets out the movements in liabilities arising from financing activities for each of the years presented.

	Interest payables *RMB'000*	Bank loans and other loans *RMB'000*	Loans from related parties *RMB'000*	Bonds *RMB'000*	Convertible bonds *RMB'000*	Notes payables *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
As at 1 January 2022	83,124	1,240,090	—	144,075	255,743	63,809	2,093	1,788,934
Changes from financing cash flows:								
Proceeds from new bank loans and other loans	—	111,119	—	—	—	—	—	111,119
Repayment of bank loans and other loans	—	(141,479)	—	—	—	—	—	(141,479)
Repayment of bonds	—	—	—	(21,459)	—	—	—	(21,459)
Redemption of convertible bonds	—	—	—	—	(1,504)	—	—	(1,504)
Repayment of notes payables	—	—	—	—	—	(11,739)	—	(11,739)
Repayment of lease liabilities and interest	—	—	—	—	—	—	(2,575)	(2,575)
Other borrowing cost paid	(7,899)	(81,570)	—	(2,457)	(16,153)	(9,081)	—	(117,160)
Total changes from financing cash flows	(7,899)	(111,930)	—	(23,916)	(17,657)	(20,820)	(2,575)	(184,797)
Exchange realignment	9,264	1,318	—	11,877	23,677	5,633	57	51,826
Non-cash movements								
— Addition on lease liabilities	—	—	—	—	—	—	7,322	7,322
— Interest expenses *(Note 11)*	10,522	89,200	—	10,630	35,398	10,485	234	156,469
— Issuance of convertible bonds	—	—	—	—	258,867	—	—	258,867
— Redemption of convertible bonds and its unpaid interest	(52,565)	—	—	—	(253,409)	—	—	(305,974)
— Waiver of other loans interest payable	(7,899)	—	—	—	—	—	—	(7,899)
As at 31 December 2022	34,547	1,218,678	—	142,666	302,619	59,107	7,131	1,764,748

33 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Net debt reconciliation *(continued)*

	Interest payables *RMB'000*	Bank loans and other loans *RMB'000*	Loans from related parties *RMB'000*	Bonds *RMB'000*	Convertible bonds *RMB'000*	Notes payables *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
As at 1 January 2023	34,547	1,218,678	—	142,666	302,619	59,107	7,131	1,764,748
Changes from financing cash flows:								
Proceeds from new bank loans and other loans	—	25,437	—	—	—	—	—	25,437
Proceeds from loans from related parties	—	—	3,351	—	—	—	—	3,351
Net proceeds from issuance of convertible bonds	—	—	—	—	11,278	—	—	11,278
Proceeds from bonds	—	—	—	2,724	—	—	—	2,724
Repayment of bank loans and other loans	—	(181,089)	—	—	—	—	—	(181,089)
Repayment of bonds	—	—	—	(34,456)	—	—	—	(34,456)
Repayment of notes payables	—	—	—	—	—	(56,298)	—	(56,298)
Repayment of lease liabilities and interest	—	—	—	—	—	—	(3,749)	(3,749)
Other borrowing cost paid	(10,637)	(69,680)	—	(15,526)	(32,145)	—	—	(127,988)
Total changes from financing cash flows	(10,637)	(225,332)	3,351	(47,258)	(20,867)	(56,298)	(3,749)	(360,790)
Exchange realignment	759	575	—	3,879	8,513	1,912	(16)	15,622
Non-cash movements								
— Addition on lease liabilities	—	—	—	—	—	—	1,690	1,690
— Early termination of leases	—	—	—	—	—	—	(520)	(520)
— Interest expenses *(Note 11)*	—	71,348	—	10,073	58,017	3,028	289	142,755
— Conversion of convertible bonds	—	—	—	—	(11,559)	—	—	(11,559)
— Waiver of other loans interest payable	(1,886)	(2,917)	—	—	—	—	—	(4,803)
— From other loans to loans from related parties	—	(1,119)	1,119	—	—	—	—	—
As at 31 December 2023	22,783	1,061,233	4,470	109,360	336,723	7,749	4,825	1,547,143

34 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 compensation

The executive directors of the Company are regarded as key management. Details of the key management compensation are disclosed in Note 10(a) to the consolidated financial statements.

35 DISPOSAL OF SUBSIDIARIES

(a) Disposal of a subsidiary without loss of control

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

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

35 DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Disposal of a subsidiary

On 1 September 2022, the Group entered into an agreement with a purchaser to dispose the remaining 51% of the issued share capital of a subsidiary, Chengde Jiaheng, for a cash consideration of approximately RMB8,303,000. After the disposal, the Group did not hold any interest in Chengde Jiaheng.

Net assets at the date of disposal were as follows:

	RMB'000
Consideration received	
Cash	8,303
Analysis of assets and liabilities over which the control was lost:	
Property, plant and equipment *(Note 16)*	11,817
Right-of-use assets *(Note 17)*	2,552
Inventories	77
Trade and other receivables	6,030
Cash and cash equivalents	648
Trade and other payables	(8,904)
Deferred income *(Note 32)*	(772)
Net assets disposed of	11,448
Gain on disposal:	
Consideration received	8,303
Net assets disposed of	(11,448)
Non-controlling interests	6,822
	3,677
Net cash inflow arising from the disposal:	
Cash consideration received	8,303
Less: Cash and cash equivalents disposed of	(648)
Consideration receivable	(1,661)
	5,994

(c) Major non-cash transaction

During the year ended 31 December 2023, the Group completed the acquisition of an investment, resulting in a transfer of prepayments for investments of RMB20,000,000 to investment measured at FVOCI.

35 DISPOSAL OF SUBSIDIARIES *(continued)*

(c) Deemed disposal of a non-wholly owned subsidiary without loss of control

紅松河北生物科技股份有限公司 is owned by Hebei Hongsong Wind Power Co., Ltd, an indirect non-wholly owned subsidiary of the Group, and 承德紅松新能源技術服務有限公司, an indirect wholly-owned subsidiary of the Group. In August 2022, Hebei Hongsong Wind Power Co., Ltd, injected capital of RMB1,700,000 into 紅松河北生物科技股份有限公司 while 承德紅松新能源技術服務有限公司 did not inject any capital into 紅松河北生物科技股份有限公司. This resulted in a dilution in the Group's effective ownership interest in 紅松河北生物科技股份有限公司 but without loss of control, and loss on deemed disposal debited to retained earnings of approximately RMB139,000.

36 COMMITMENTS

As at 31 December 2023, capital commitments outstanding not provided for in the consolidated financial statements were as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Acquisition of property, plant and equipment		
— Contracted for	**42,591**	43,802

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**70,824**	70,824
Current assets			
Other receivables		**11,912**	11,140
Amounts due from subsidiaries		**522,086**	469,302
Cash and cash equivalents		**726**	325
		534,724	480,767
Total assets		**605,548**	551,591
EQUITY			
Share capital	27	**75,057**	17,884
Reserves	37(b)	**(47,519)**	(124,721)
Total equity/(deficit in equity)		**27,538**	(106,837)
LIABILITIES			
Non-current liabilities			
Borrowings		**366,023**	374,332

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(a) Statement of financial position of the Company *(continued)*

	2023	2022
	RMB'000	*RMB'000*
Current liabilities		
Amounts due to subsidiaries	**97,742**	119,790
Other payables	**26,436**	28,198
Borrowings	**87,809**	136,108
	211,987	284,096
Total liabilities	**578,010**	658,428
Total equity and liabilities	**605,548**	551,591

The statement of financial position of the Company was approved by the Board of Directors on 28 March 2024 and was signed on its behalf.

Yuan Wanyong
Chairman

Zhang Zhixiang
Director

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(b) Share capital and reserve movement of the Company

	Share capital	Share premium	Translation reserve	Convertible bonds reserve	Share options reserve	Warrants reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	17,286	1,492,149	(8,973)	17,047	10,300	13,366	(1,306,504)	234,671
Comprehensive income								
Loss for the year	—	—	—	—	—	—	(393,297)	(393,297)
Other comprehensive income								
Exchange difference arising on translation of financial statement of the Company	—	—	11,497	—	—	—	—	11,497
Total comprehensive income/(loss) for the year	—	—	11,497	—	—	—	(393,297)	(381,800)
Transactions with owners								
Redemption of convertible bonds	598	10,040	—	(17,047)	—	—	17,047	10,638
Issuance of convertible bonds	—	—	—	29,654	—	—	—	29,654
At 31 December 2022 and 1 January 2023	17,884	1,502,189	2,524	29,654	10,300	13,366	(1,682,754)	(106,837)
Comprehensive loss								
Loss for the year	—	—	—	—	—	—	(80,339)	(80,339)
Other comprehensive income								
Exchange difference arising on translation of financial statement of the Company	—	—	2,817	—	—	—	—	2,817
Total comprehensive income/(loss) for the year	—	—	2,817	—	—	—	(80,339)	(77,522)
Transactions with owners								
Issuance of shares under rights issues, net of expenses *(Note 27)*	54,323	140,196	—	—	—	—	—	194,519
Issuance of convertible bonds	—	—	—	5,672	—	—	—	5,672
Conversion of convertible bonds	2,850	14,528	—	(5,672)	—	—	—	11,706
Lapse of non-listed warrants *(Note 29(b))*	—	—	—	—	—	(13,366)	13,366	—
Lapse of share options *(Note 29(a))*	—	—	—	—	(458)	—	458	—
At 31 December 2023	75,057	1,656,913	5,341	29,654	9,842	—	(1,749,269)	27,538

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

38.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiaries. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.2 Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired entity,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of profit or loss as a bargain purchase.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.2 Business combination *(continued)*

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss.

38.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the investments in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

38.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, who makes strategic decisions.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the presentation currency of the Group. The functional currency of the Company is Hong Kong dollars ("**HK$**").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within "other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.5 Foreign currency translation *(continued)*

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

38.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings and the costs of plant and machinery. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount in accordance with the policy described in Note 38.9.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated statement of profit or loss.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.7 Inventories

Finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

38.8 Equity accounting

(i) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 38.9.

(ii) Changes in ownership interests

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.9 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

38.10 Investments and other financial assets

38.10.1 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

38.10.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains, net" in the consolidated statement of profit or loss as applicable.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.10 Investments and other financial assets *(continued)*

38.10.3 Impairment

The Group assesses on a forward-looking basis the expected credit losses (the "**ECL**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

38.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Group or the counterparty.

38.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

38.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

38.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

38.16 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

38.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.17 Borrowings *(continued)*

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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.

38.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.19 Other income

Interest income

Interest income is recognised using the effective interest method, on a time-proportion basis.

Rental income from operating leases

Rental income receivable under operating leases is recognised in consolidated statement of 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.

38.20 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(continued)

38.21 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-valued assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

38.22 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the consolidated financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as a liability at the end of the reporting period.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

38.23 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants are recognised as "other income" over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

38.24 Value-added tax refund

Value-added tax refund is recognised in "other income" in the consolidated statement of profit or loss when there is a reasonable assurance that the refund will be received which generally occurs upon the receipt of the approval of tax refund from the local tax bureau.

FIVE YEARS' FINANCIAL SUMMARY

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**343,811**	304,443	352,407	346,401	361,683
Operating profit/(loss)	**72,098**	992	(195,638)	60,857	85,140
Loss before income tax	**(71,203)**	(156,055)	(342,603)	(173,877)	(61,607)
Loss for the year	**(94,773)**	(162,020)	(358,678)	(203,973)	(80,778)
Attributable to:					
The owners of the Company	**(108,955)**	(154,448)	(368,557)	(213,010)	(103,879)
Non-controlling interests	**14,182**	(7,572)	9,879	9,037	23,101
	(94,773)	(162,020)	(358,678)	(203,973)	(80,778)
Assets and liabilities					
Total assets	**1,865,469**	2,008,215	2,237,007	3,098,787	2,552,254
Total liabilities	**(1,653,481)**	(1,893,058)	(1,955,819)	(2,465,564)	(1,761,901)
Net assets	**211,988**	115,157	281,188	633,223	790,353
Capital and reserves					
Share capital	**75,057**	17,884	17,286	17,286	15,677
Reserves	**(64,306)**	(91,787)	55,236	384,720	523,965
Equity/(deficit) attributable to the owners of the Company	**10,751**	(73,903)	72,522	402,006	539,642
Non-controlling interests	**201,237**	189,060	208,666	231,217	250,711
Total equity	**211,988**	115,157	281,188	633,223	790,353

Note:

1 The results for the year ended 31 December 2023, and the assets and liabilities as at 31 December 2023 have been extracted from the consolidated statement of profit or loss and consolidated statement of financial position as set out on pages 90 to 93 respectively, of the consolidated financial statements.