China Ruifeng
Renewable Energy Holdings Limited

(Formerly known as China Ruifeng Galaxy Renewable Energy Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00527)

2013
Interim Report

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Company Information

Company Name: China Ruifeng Renewable Energy Holdings Limited
(formerly known as China Ruifeng Galaxy Renewable Energy Holdings Limited)
Place of Listing: The Stock Exchange of Hong Kong Limited
Stock Code: 00527

EXECUTIVE DIRECTORS
Mr. Li Baosheng *(Chairman)*
Mr. Zhang Zhixiang *(Chief Executive Officer)*
Mr. Ning Zhongzhi

INDEPENDENT NON-EXECUTIVE DIRECTORS
Ms. Wong Wai Ling
Mr. Qu Weidong
Ms. Hu Xiaolin

AUDIT COMMITTEE
Ms. Wong Wai Ling *(Chairman)*
Mr. Qu Weidong
Ms. Hu Xiaolin

REMUNERATION COMMITTEE
Ms. Hu Xiaolin *(Chairman)*
Mr. Zhang Zhixiang
Ms. Wong Wai Ling
Mr. Qu Weidong

NOMINATION COMMITTEE
Mr. Li Baosheng *(Chairman)*
Mr. Zhang Zhixiang
Ms. Wong Wai Ling
Mr. Qu Weidong
Ms. Hu Xiaolin

COMPANY SECRETARY
Mr. Cheng Koon Kau Alfred

AUTHORISED REPRESENTATIVES
Mr. Zhang Zhixiang
Mr. Cheng Koon Kau Alfred

Company Information

PRINCIPAL BANKERS

In Hong Kong:
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
China Minsheng Banking Corporation Limited

In the People's Republic of China (the "PRC"):
Bank of China Limited
Agricultural Bank of China
Industrial and Commercial Bank of China
Bank of Chengde
China Construction Bank

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shun Tak Centre, 168-200 Connaught Road Central
Hong Kong

COMPANY WEBSITE

www.c-ruifeng.com

LEGAL ADVISERS AS TO HONG KONG LAWS

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Company Information

AUDITORS

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants
31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Summary of Financial Results

Below is a summary of the unaudited condensed consolidated financial results of China Ruifeng Renewable Energy Holdings Limited for the six months ended 30 June 2013 together with the comparative figures of the corresponding period in 2012:

	For the six months ended 30 June			Approximate change in
	2013	2012	Increase	percentage
	RMB'000 **(unaudited)**	*RMB'000* (unaudited)	*RMB'000*	%
Turnover	**423,097**	303,507	119,590	39
Gross profit	**110,090**	71,056	39,034	55
Profit from operations	**162,624**	57,670	104,954	182
Profit before taxation	**76,876**	19,469	57,407	295
Profit for the period	**68,883**	15,214	53,669	353
Attributable to:				
Equity shareholders of the Company	**49,833**	15,214	34,619	228
Non-controlling interests	**19,050**	—	19,050	N/A

	As at 30 June 2013	As at 31 December 2012	Increase/ (decrease)	Approximate change in percentage %
	(unaudited)	(audited)		
Net cash *(RMB'000) (note)*	**(1,616,484)**	(472,523)	(1,143,961)	(242)
Net assets *(RMB'000)*	**968,899**	340,261	628,638	185
Liquidity ratio	**147%**	117%		30
Inventories turnover (number of days)	**–**	46	N/A	N/A
Trade receivable turnover (number of days)	**77**	161	(84)	(52)
Trade payable turnover (number of days)	**54**	64	(10)	(16)
Net debt to equity ratio	**167%**	140%		27

Note:

Net cash: Bank deposits and cash less borrowings.

Chairman's Statement

To the Shareholders:

On behalf of the board (the "Board") of directors (the "Directors") of China Ruifeng Renewable Energy Holdings Limited (the "Company", together with its subsidiaries referred to as the "Group"), I hereby present the unaudited operating results of the Group for the six months ended 30 June 2013.

For the first half of the financial year 2013, the turnover of the Group was approximately RMB423.1 million (the corresponding period in 2012: approximately RMB303.5 million), with a gross profit of approximately RMB110.1 million (the corresponding period in 2012: approximately RMB71.1 million). The profit attributable to the equity shareholders of the Company was approximately RMB49.8 million (the corresponding period in 2012: approximately RMB15.2 million), and the basic earnings per share was approximately RMB0.051 (the corresponding period in 2012: approximately RMB0.018).

BUSINESS REVIEW

Looking back at the first half of 2013, the Group's net profit increased significantly by comparing to the corresponding period of the previous year, which was mainly attributable to the merger and acquisition of Hebei Hongsong Wind Power Co., Ltd. ("Hongsong"). On the other hand, the Group has also made significant progress in the reform of business structure and has implemented a number of important measures to focus its principal activities on renewable energy business. To underscore and align with the change in the business structure of the Group, the Company's name was also changed from "China Ruifeng Galaxy Renewable Energy Holdings Limited" to "China Ruifeng Renewable Energy Holdings Limited" in the first half of 2013, with an aim to highlight the future principal business line of the Group.

In respect of the capital structure, the Group has redeemed all convertible bonds and promissory note in the first half of 2013. Furthermore, outstanding convertible note has been converted into ordinary shares of the Company in early July 2013. As at the date of this report, the Group has no convertible bond, promissory note and convertible note outstanding. The Group expected that the finance costs arising from these instruments will decrease significantly in the future.

Upon making of first capital payment to Hongsong on 6 January 2013, the Group has obtained the control of Hongsong. Since then, Hongsong has become a subsidiary of the Group. Since 9 May 2013, the new session of the board of directors of Hongsong comprised 9 members, of which 5 members were appointed by the Company and Mr. Zhang Zhixiang, the chief executive officer of the Company, has also become the chairman of the board of directors of Hongsong. The Group benefited from the capital injection, evidenced by the significant improvement in the performance of the wind farm operation in the first half of 2013.

Chairman's Statement

Another material change in the Group's business structure during the first half of 2013 was the disposal of the production of diodes business. The decision was in line with the Group's determination to adjust its business structure and focus its resources on the continuous development of renewable energy, in order to yield higher return to shareholders and investors.

Wind farm operation

The wind farm operated by Hongsong is located in Hongsongwa area of Hebei Province, with a maximum installation capacity of 596.4MW. The current installed capacity of Hongsong is 348.9MW. Hongsong wind farm supplies electricity to the power grid of Jibei Electric Power Company Limited (a wholly-owned subsidiary of State Grid Corporation of China). Apart from the sale of electricity, Hongsong has also developed a Gold Standard Clean Development Mechanism (CDM) Project that qualifies for providing carbon credits, thereby expanding income sources of Hongsong.

According to the evaluation of wind resources in selected provinces in the PRC by the International Energy Agency and the Energy Research Institute in 2011, regions with the greatest potential of wind resources are Inner Mongolia, Xinjiang, Gansu and Hebei. Wind resources in the PRC are unevenly distributed. Regions with abundant wind resources are largely located in the coastal and offshore areas and in northern region of the PRC. Inner Mongolia, Hebei and Liaoning are the developed areas in terms of wind power production. As Hongsong situated in one of these advantageous geographical locations, Hongsong will continuously seek development opportunities to grow its business.

In the first half of 2013, the development project of Hongsong was steadily progressing. Hongsong Phase 8 Project — Shanyuan Project successfully went on-grid in December 2012. The project commenced full commercial operation in the first half of 2013. On 24 January 2013, Hongsong Phase 9 Project — Yuanhui Project was officially approved by Hebei Development and Reform Commission. Hongsong Phase 9 Project has a designed installed capacity of 49.5MW, and is expected to bring to the Company an additional electricity output of approximately 100,000,000 kWh per annum. The Yuanhui Project is expected to complete and commence production by the end of October 2013. By then, the total installed capacity of Hongsong will reach 398.4MW, and it is expected that the corresponding income from the Group's wind power business will increase significantly. On the other hand, the approval process of Phase 10 Jifeng Wind Power Project is progressing smoothly. Hongsong has obtained the project approval letters from the relevant government departments, and is submitting other documents such as feasibility study report and environmental protection assessment report.

Chairman's Statement

Apart from immediately expanding the scale of wind farm business, the Group's acquisition of Hongsong is expected to bring about tremendous synergistic effects to the Group by integrating Hongsong with Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng"), another wind farm of the Group. Langcheng, an indirect wholly-owned subsidiary of the Group, is equipped with a wind farm which is located in Shangtoudi of Hexigten Qi and possesses an installation capacity of 596.4MW. Langcheng's wind farm is expected to commence grid-connected power generation in 2014, bringing revenues and earnings to the Group. Due to the proximity of the wind farms of Hongsong and Langcheng, there is potential for their development into a large-scale wind farm with a total capacity of over 1,000MW. The Group will strive to unleash its full potential in the wind power business through construction and integration of the wind farms, which in turn will significantly strengthen the cash flows and earnings of the Group and will yield higher return to shareholders and investors.

Production of diodes

Focusing on the development of wind power business as an important step of business structural reform, the Group completed the disposal of its production of diodes business on 22 May 2013. The production of diodes business of the Group was mainly operated through Sun Light Planet Limited ("Sun Light"), a then direct wholly-owned subsidiary of the Company. The Group disposed of all shareholdings in Sun Light for a consideration of HKD220 million in the first half of 2013. Upon completion of the disposal, the Group recorded a gain on the disposal of approximately RMB12.1 million (for the six months ended 30 June 2012: Nil).

Production of wind turbine blades

Due to fluctuations in the wind turbine equipment market since last year, sales of the wind turbine blades production business operated by Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd. ("Ruifeng Windpower"), an indirect wholly-owned subsidiary of the Company, was impacted to a relatively large extent for the first half of this year. The business segment recorded a loss of approximately RMB1.0 million for the first half of the year (for the six months ended 30 June 2012: a loss of approximately RMB1.7 million). In the future, the Group's integration and development of wind farm operations are expected to benefit the wind turbine blades production business by creating new business opportunities to it, leading to a gradual recovery of the business's profitability.

Chairman's Statement

Construction contracts and consultation

For the six months ended 30 June 2013, the construction contract business operated by Hebei Beichen Power Grid Construction Co., Ltd. ("Beichen Power Grid"), an indirect wholly-owned subsidiary of the Company, recorded a profit of approximately RMB4.4 million (for the six months ended 30 June 2012: a profit of approximately 43.5 million). Leveraging on the sound corporate reputation of Beichen Power Grid in the industry and its ample number of projects, it is believed that the profit from the business will improve.

OUTLOOK

The global economy remained weak in the first half of 2013. In the PRC, economic situation is complicated as well because the country is undergoing economic restructuring in pursuit of a substainable economic growth. The "Twelfth Five-year Plan" of the PRC government has placed special emphasis on an economic growth with higher quality and sustainability. In the future, the PRC government will strive a balance between economic growth and addressing pollution and environmental issues. As such, the renewable energy industry is expected to continue to gain strong policy support.

Moreover, the State Grid Corporation of China continues to create a stronger and advanced power grid in order to improve the power grid's capacity and transmission capability for renewable energy and the pay off of efforts made on power grid improvement was already notable in 2013. According to the National Energy Administration of the PRC, power consumption of the entire society of the PRC increased mildly by 4.3%. At the same time, according to a press released by the State Grid Corporation of China, consumption of wind power on the national grid has increased by 49.5% in the first quarter of 2013, representing not only a historical high record but also a great contrast with the relatively mild increase of power consumption of the entire society of the PRC. The Group believes that such favorable macro factors for the development of the renewable energy business will lay a solid foundation for the development of wind power business of the Group.

In the first half of the year, the Group has taken a great step forward in its business restructuring. Firstly, the Group has significantly strengthened its scale and capacity on wind farm business through the acquisition of the controlling stake of Hongsong. In the future, the continual consolidation of the Group's existing wind power resources with Hongsong can unleash the full potential of the Group's wind farm

Chairman's Statement

operation. Secondly, the Group has disposed of the production of diodes business in May 2013 to focus its resources on developing the wind power business. These changes have streamlined the Group's structure to facilitate more direct and efficient management decisions to align with the Group's fully accelerated development in the future.

In the future, the Group will focus its efforts on developing the wind farms of Langcheng and Hongsong into a large-scale wind farm with a total capacity of over 1,000MW, to strengthen its position in the renewable energy industry. Meanwhile, the Group will actively explore synergistic opportunities among different businesses during the integration of businesses and resources, with the objectives of expanding and strengthening the revenues and earnings from different businesses, as well as establishing the Group's advantages in becoming an integrated wind power business operator.

The Group has also adjusted its capital structure in the first half of 2013. The Group has redeemed all convertible bonds and promissory note, and all outstanding convertible note has been converted into ordinary shares of the Company as at the date of this report. It will significantly relieve the financial burden of the Group arising from these instruments in the future, while at the same time, it has left room in the capital structure for financing the Group's future business development.

To emphasise and align with the changes of the Group's business structure, the Company has changed its name in the first half of 2013, with the aim to highlight the principal business line of the Group.

Strengthening the core business, streamlining other businesses, relieving specific financial burden and changing the Company's name to refresh the corporate image were the four important measures implemented by the Group in the first half of 2013 in order to focus its principal activities on renewable energy business. In the future, the Group will continuously focus its resources on the development of wind farm operation and endeavor to becoming one of the pillars of renewable energy industry in the northern region of the PRC.

Whilst expanding the scale and enhancing the efficiency of its wind power business, the Group will at the same time explore other development opportunities in the renewable energy industry, with an aim to establish a solid market position in the renewable energy industry. With the capital injection into Hongsong, the Group will also endeavour to develop itself into a leading renewable energy enterprise based on wind power industry chain.

Chairman's Statement

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders, investors and business partners for their continual care and support to the Group. I would also like to thank the management team and all the staff for their contribution and dedication to the development of the Group. The Group commits to generating better returns to its shareholders and investors through solid and concrete development strategies.

LI Baosheng
Chairman

Hong Kong, 30 August 2013

Management Discussion and Analysis

FINANCIAL REVIEW

After acquiring Hongsong in January 2013, and disposing an operating segment, namely, production of diodes, in May 2013, the Group currently engages in wind farm operation, construction and consultation of power grid and transformer project, manufacturing, processing and sales of wind turbine blades through its wholly-owned subsidiaries including Beichen Power Grid, Ruifeng Windpower, Chengde Beichen High New Technology Co., Ltd. ("Beichen Hightech"), Langcheng, and a non wholly-owned subsidiary, namely, Hongsong.

For the six months ended 30 June 2013, the Group's turnover amounted to approximately RMB423,097,000 (30 June 2012: approximately RMB303,507,000). It represented an increase of approximately 39% over that of corresponding period ended 30 June 2012. Gross profit increased by approximately 55% to approximately RMB110,090,000 for the six months ended 30 June 2013 (30 June 2012: approximately RMB71,056,000). Profit for the period increased to approximately RMB68,883,000 (30 June 2012: approximately RMB15,214,000). The profit attributable to equity shareholders of the Company was approximately RMB49,833,000 (30 June 2012: approximately RMB15,214,000). The increase in turnover and most of the expenses was mainly due to the acquisition of Hongsong. Hongsong contributed approximately RMB161,448,000 to the Group's turnover and approximately RMB23,851,000 to the Group's profit for the six months ended 30 June 2013. Likewise, the gain from a bargain purchase arising from acquisition of Hongsong of approximately RMB87,165,000 for the six months ended 30 June 2013 also contributed to the increase in profit. The gain together with segmental operating results in the PRC outweighed the finance costs of the Company, of which the convertible bonds were redeemed and the promissory note was settled during the six months ended 30 June 2013.

Turnover

Turnover for the six months ended 30 June 2013 was approximately RMB423,097,000. It represented an increase of approximately 39% over that of approximately RMB303,507,000 in the corresponding period in 2012, such increase was mainly attributable to the newly acquired Hongsong.

During the period under review, the Group's turnover was derived from two business divisions — the power-related business and the diodes manufacturing business. The power-related business recorded a turnover of approximately RMB291,193,000. After the acquisition of Hongsong in January 2013, a new source of income, wind power generation, resulted in a turnover of approximately RMB161,448,000 under the power-related business. A turnover of approximately RMB129,745,000 was attributed to the power grid construction contracts and consultation business. The Group's operating bases for the power-related business are mainly located in Chengde City of Hebei Province, and Inner Mongolia.

Management Discussion and Analysis

The diodes manufacturing business recorded a turnover of approximately RMB131,904,000 for the period under review. The Group's production base for the diodes manufacturing business was mainly located in Changzhou City of Jiangsu Province at the relevant time. Following the diodes operation was disposed in May 2013, no turnover from that business was generated in the Group since then.

Analysis of the Group's turnover by its businesses for the six months ended 30 June 2013 is set out as below:

	For the six months ended 30 June		Increase/ (decrease)	Approximate change in percentage
	2013	2012		
	RMB million **(unaudited)**	*RMB million* (unaudited)	*RMB million*	*%*
(i) Power-related business				
Wind power generation	**161.45**	—	161.45	N/A
Power grid construction and consultation	**129.75**	146.21	(16.46)	(11.26)
	291.20	146.21	144.99	99.17
(ii) Diodes manufacturing business				
Plastic packaged diodes	**87.79**	106.74	(18.95)	(17.75)
Glass packaged diodes	**9.06**	11.21	(2.15)	(19.18)
Bridge rectifiers	**0.35**	0.21	0.14	66.67
Surface mount device packaged diodes	**34.70**	38.41	(3.71)	(9.66)
Others	**—**	0.73	(0.73)	(100.00)
	131.90	157.30	(25.40)	(16.15)
Total	**423.10**	303.51	119.59	39.40

Management Discussion and Analysis

Cost of Sales

Cost of sales mainly includes the costs of raw materials, staff costs, depreciation, subcontracting costs, water, electricity, gas and other ancillary materials. Cost of sales for the six months ended 30 June 2013 represented approximately 74% of the Group's turnover, showing a slight decrease when compared with that of approximately 77% for the corresponding period in 2012.

Gross Profit

Gross profit increased by approximately 55% to approximately RMB110,090,000 (30 June 2012: approximately RMB71,056,000) which was primarily derived from the operating result of the Group's power-related business. The gross profit margin also increased from approximately 23% for the six months ended 30 June 2012 to approximately 26% for the six months ended 30 June 2013. As a result of acquisition of Hongsong in January 2013, the Group enjoys a new source of income from wind power generation, which has a higher gross profit margin and resulting in a higher gross profit of the Group.

Other Revenue and Net Income

Other revenue and net income mainly comprised gain from a bargain purchase arising from acquisition of Hongsong (30 June 2013: approximately RMB87,165,000; 30 June 2012: Nil), gain on disposal of the then subsidiary, Sun Light (30 June 2013: approximately RMB12,068,000; 30 June 2012: Nil), rental income from operating leases relating to plant and machinery (30 June 2013: approximately RMB10,803,000; 30 June 2012: approximately RMB10,803,000), government subsidy income (30 June 2013: approximately RMB2,003,000; 30 June 2012: approximately RMB2,911,000), sales of scrap (30 June 2013: approximately RMB719,000; 30 June 2012: approximately RMB925,000) and interest income on financial assets not at fair value through profit or loss (30 June 2013: approximately RMB783,000; 30 June 2012: approximately RMB245,000). The increase in other revenue and net income by approximately RMB96,060,000 was mainly due to the gain from a bargain purchase of Hongsong and gain on disposal of the then subsidiary Sun Light.

Management Discussion and Analysis

Distribution Costs

Distribution costs mainly included commission expenses from sales and distribution activities, depreciation expenses, wages and salaries of sales personnel, travelling expenses and transportation costs. Distribution costs for the six months ended 30 June 2013 represented approximately 1% of the Group's total turnover, which is similar to that of approximately 2% for the corresponding period in 2012.

Administration Expenses

Administration expenses mainly included wages, salaries and welfare expenses, professional fees, entertainment expenses, travelling expenses, insurance expenses, other taxation expenses and exchange gain. It amounted to approximately RMB29,863,000 for the period ended 30 June 2013 which increased moderately when compared with that of approximately RMB28,146,000 for the six months ended 30 June 2012.

Other Operating Expenses

Other operating expenses comprised impairment of goodwill, redemption cost of convertible bonds and loss on deemed disposal of investment with the total amount of approximately RMB28,439,000 for the six months ended 30 June 2013 (30 June 2012: Nil).

Finance Costs

Finance costs refer to interest expenses and bank charges on bank loans obtained, promissory note and convertible bonds/note issued by the Group. It amounted to approximately RMB85,748,000 for the six months ended 30 June 2013 while it amounted to approximately RMB38,195,000 in the corresponding period of 2012. The significant increase was mainly derived from bank loan interest expenses in the newly acquired Hongsong. As promissory note and convertible bonds were settled in May 2013, no more interest expenses for those instruments were incurred afterwards.

Taxation

Taxation increased from approximately RMB4,255,000 for the six months ended 30 June 2012 to approximately RMB7,993,000 for the six months ended 30 June 2013. The increase was mainly derived from income tax charged on profit of newly acquired Hongsong.

Management Discussion and Analysis

Profit for the Period

Profit increased from approximately RMB15,214,000 for the six months ended 30 June 2012 to approximately RMB68,883,000 for the six months ended 30 June 2013. Profit attributable to equity shareholders of the Company was approximately RMB49,833,000 for the six months ended 30 June 2013 (30 June 2012: approximately RMB15,214,000). The increase was mainly derived from the Group's acquisition of Hongsong in January 2013. Approximately RMB23,851,000 was consolidated from Hongsong's profit and there was a gain from a bargain purchase with the amount of approximately RMB87,165,000 arising from the acquisition of Hongsong for the six months ended 30 June 2013, which led to an increase in profit for the Group.

Net Current Assets

The net current assets of the Group as at 30 June 2013 increased significantly to approximately RMB226,608,000 when compared with that of approximately RMB126,443,000 as at 31 December 2012. Apart from the acquisition of Hongsong, the significant increase was also because of the settling of the promissory note and convertible bonds (which was classified as current liabilities as at 31 December 2012) in May 2013.

Liquidity and Financing

The cash and bank balances as at 30 June 2013 and 31 December 2012 were approximately RMB100,392,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which amounted to approximately RMB96,103,000, USD505,000 and HKD1,455,000 respectively) and approximately RMB164,531,000, respectively.

As at 30 June 2013, total borrowings of the Group amounted to approximately RMB1,716,876,000, representing a significant increase of approximately RMB1,079,822,000 when compared with the balance of approximately RMB637,054,000 as at 31 December 2012. The significant increase was mainly due to the newly acquired Hongsong, who had borrowings of approximately RMB1,313,500,000 as at 30 June 2013.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations. The Group's gearing ratio slightly decreased to approximately 67% as at 30 June 2013 from approximately 69% as at 31 December 2012. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the first half of 2013, all of the Group's borrowings were settled in RMB, USD and HKD. Approximately 82% of the Group's income was denominated in RMB, and the remaining was denominated in HKD and USD. Other interest-free

Management Discussion and Analysis

borrowings and interest-bearing borrowings were RMB28,000,000 and approximately RMB1,688,876,000 respectively as at 30 June 2013. Among the interest-bearing borrowings of the Group, approximately RMB217,376,000 were fixed rate loans, while RMB1,471,500,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the six months ended 30 June 2013 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.

Redemption of Convertible Bonds

Pursuant to a subscription agreement between the Company and Advance Gain Enterprises Limited ("Advance Gain") dated 19 December 2010, Advance Gain subscribed for convertible bonds of the Company in the principal amount of USD18,580,000 in cash at 100% of their principal amount. Based on the initial conversion price of HKD1.50 per share to be allotted and issued upon exercise of the conversion rights attached to the said convertible bonds, a maximum number of 95,996,666 ordinary shares of the Company may be allotted and issued.

As at 2 May 2013, the outstanding convertible bonds in the principal amount of USD12,580,000 were all redeemed by the Company.

Acquisitions and Disposal

Acquisition of interest in Hongsong

On 24 October 2012, an indirectly wholly-owned subsidiary of the Company, On Win Corporation Limited ("On Win") entered into a capital increment agreement (the "Capital Increment Agreement") with Hongsong and the then existing shareholders of Hongsong. Pursuant to the Capital Increment Agreement, On Win agreed to subscribe from Hongsong, and Hongsong agreed to issue to On Win, subscription shares comprising 430,000,000 shares in the share capital of Hongsong at RMB1.50 per subscription share. The subscription shares, representing approximately 47.3% of the enlarged share capital of Hongsong, are to be paid in cash by On Win at a total consideration of RMB645,000,000 or equivalent in foreign currencies.

Upon completion of the subscription, together with the 27,727,754 shares of Hongsong owned by Beichen Hightech prior to the subscription, the Company, through its wholly owned subsidiaries, holds 457,727,754 shares in the total issued share capital of Hongsong, which represents approximately 50.3% of equity interests in Hongsong.

Management Discussion and Analysis

The subscription constituted a very substantial acquisition for the Group pursuant to Chapter 14 of the Listing Rules. It was approved at the extraordinary general meeting of the Company held on 27 November 2012 and was completed on 6 January 2013. Approximately RMB129 million was injected into Hongsong. According to the Capital Increment Agreement, the outstanding capital of approximately RMB516 million should be injected within two years after 6 January 2013.

Details of the subscription are set out in the announcements of the Company dated 17 April 2012, 26 April 2012, 29 June 2012, 21 September 2012, 24 October 2012, 31 October 2012, 12 November 2012, 27 November 2012 and 9 January 2013 respectively, and the circular of the Company dated 12 November 2012.

Acquisition of land use rights and properties involving issue of convertible note and promissory note

On 14 November 2012, Beichen Power Grid (as purchaser) entered into six acquisition agreements with Mr. Li Baosheng ("Mr. Li") (as vendor), pursuant to which the purchaser conditionally agreed to acquire the land use rights for the lands and properties at an aggregate consideration of RMB280,000,000, which shall be satisfied by paying Mr. Li (or his nominee) in cash and issue to Mr. Li (or his nominee) promissory note and convertible note in the following way:

Contract	Consideration	Location of the land/ properties
Land use rights transfer contract 1	RMB58,000,000 in cash (or its HKD equivalent) or promissory note in the principal amount of RMB58,000,000 (or its HKD equivalent)	Songshugou Village, Shuangtashan Town, Shuangluan District, Chengde City
Land use rights transfer contract 2	Convertible note in the principal amount of RMB41,000,000 (or its HKD equivalent)	Shiziyuen Village, Shuiquangou Town, Shuangqiao District, Chengde City

Management Discussion and Analysis

Contract	Consideration	Location of the land/ properties
Land use rights transfer contract 3	Convertible note in the principal amount of RMB13,000,000 (or its HKD equivalent)	No. 65, Shiziyuen Village, Shuangqiao District, Chengde City
Property sale and purchase contract 1	Convertible note in the principal amount of RMB43,000,000 (or its HKD equivalent) and (i) a sum of RMB17,000,000 in cash (or its HKD equivalent); or (ii) promissory note in the principal amount of RMB17,000,000 (or its HKD equivalent)	Songshugou Village, Shuangtashan Town, Shuangluan District, Chengde City
Property sale and purchase contract 2	Convertible note equivalent to RMB53,000,000 (or its HKD equivalent)	Shizigou Village, Shuiquanggou Town, Shuangqiao District, Chengde City
Property sale and purchase contract 3	Convertible note equivalent to RMB55,000,000 (or its HKD equivalent)	Jiangjiagou, Shuiquangou, Toudao Pailou, Shuangqiao District, Chengde City

Completion of the transactions under the aforesaid contracts are inter-conditional. The aforesaid convertible note in an aggregate principal amount of RMB205,000,000 (or its HKD equivalent) may be converted into ordinary shares of the Company at an initial conversion price of HKD1.5 per ordinary share (subject to adjustment).

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the acquisition are higher than 25% but below 100%, the acquisition constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules.

Management Discussion and Analysis

Mr. Li Baosheng, is an executive Director, the Chairman and a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. The acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to, among other things, independent shareholders' approval, reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Group is in the process of reviewing and considering potential adjustment to the scope of assets to be acquired and the corresponding consideration. The aforesaid acquisition was not yet completed as at the date of this report.

Further details of the aforesaid acquisition are set out in the announcements of the Company dated 14 November 2012, 5 December 2012, 31 January 2013, 28 March 2013 and 28 June 2013 respectively.

Disposal of Sun Light Planet Limited

On 8 April 2013, the Company (as vendor), Cheerful Heart Holdings Limited ("Cheerful Heart", as purchaser) and Ms. Shu Gaiin (Ms. Zhou Kaiying, as guarantor) entered into a disposal agreement (the "Disposal Agreement"), pursuant to which the Company conditionally agreed to dispose of the entire issued share capital of Sun Light and all the interests in the subsidiaries held by Sun Light for a total consideration of HKD220 million.

Prior to the disposal, the entire issued share capital of Sun Light was pledged to Cheerful Heart to secure the Company's payment obligation under the promissory note with a initial principal amount of HKD330 million issued by the Company to Cheerful Heart on 7 July 2012. The consideration of the Disposal Agreement was satisfied by Cheerful Heart discharging the Company's payment obligation as to an amount equivalent to approximately HKD218 million outstanding under the promissory note and approximately HKD2 million in cash as at the date of completion on 22 May 2013.

As some of the relevant percentage ratios (as defined under the Listing Rules) exceeded 25% but none of them was greater then 75%, the disposal constituted a major transaction of the Company pursuant to Chapter 14 of the Listing Rules and was subject to the approval of shareholders of the Company. The disposal and the transactions contemplated under the Disposal Agreement were approved at

Management Discussion and Analysis

the extraordinary general meeting of the Company held on 22 May 2013 and the completion took place on the same date. Details of the said disposal are set out in the announcements of the Company dated 8 April 2013, 29 April 2013 and 22 May 2013, respectively, and the circular of the Company dated 6 May 2013.

Pledge of Assets

As at 30 June 2013, the Group had pledged leasehold land and buildings with net book values of approximately RMB2,450,000 (31 December 2012: approximately RMB7,595,000), trade receivables from the provincial power grid companies with a carrying value of approximately RMB22,996,000 (31 December 2012: Nil), certain property, plant and equipment with a carrying value of approximately RMB667,579,000 (31 December 2012: Nil), and the outstanding convertible note in the principal amount of HKD58,700,000 at a conversion price of HKD1.00 per share as security for the borrowings obtained by the Group (31 December 2012: HKD58,700,000).

As at 30 June 2013 and 31 December 2012, the entire issued share capital of Power Full Group Holdings Limited ("Power Full"), were pledged for borrowings obtained by the Group. As at 30 June 2013, the entire issued share capital of Fortune View Alliance Limited ("Fortune View Alliance"), On Win and Conway Holdings Limited ("Conway") were pledged to secure the borrowings.

Contingent Liabilities

As at 30 June 2013 and as at 31 December 2012, the Group had no material contingent liabilities.

Employees

As at 30 June 2013, the Group had approximately 700 full-time employees (30 June 2012: approximately 2,000 employees) in Hong Kong and the PRC. For the six months ended 30 June 2013, the relevant staff costs (including Directors' remuneration) were approximately RMB43,070,000 (30 June 2012: approximately RMB40,569,000). 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.

Disclosure Of Interests

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

As at 30 June 2013, save as disclosed below, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors or chief executives of the Company is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules:

Name of Director	Number of Shares held/ interested	Nature of interest	Approximate percentage of shareholdings
Li Baosheng	168,724,279	Beneficial owner *(Note 1)*	17.32%
	350,000,000	Interest of controlled corporation *(Note 2)*	35.92%
Zhang Zhixiang	77,770,000	Interest of controlled corporation *(Note 2)*	7.98%

Note:

1. On 14 November 2012, Beichen Power Grid (as purchaser) entered into six acquisition agreements (which was subsequently extended on 28 March 2013 and 28 June 2013, respectively) with Mr. Li Baosheng (as vendor), pursuant to which Beichen Power Grid conditionally agreed to acquire the land use rights for the lands and properties at an aggregate consideration of RMB280,000,000. Pursuant to the said agreements (as extended), convertible note in an aggregate principal amount of RMB205,000,000 (or its HKD equivalent) would be issued by the Company to Mr. Li. For illustration purpose only, assuming the exchange rate of HKD1.00 to RMB0.81, 168,724,279 Shares may be allotted and issued to Mr. Li at the initial conversion price of HKD1.5 per Share (subject to adjustment).

Disclosure Of Interests

2. Mr. Li Baosheng and Mr. Zhang Zhixiang are the beneficial owners of 77.78% and 22.22%, respectively, of the issued shares of Diamond Era Holdings Limited ("Diamond Era"). As at 30 June 2013, Diamond Era was interested in (i) 291,300,000 Shares, and (ii) 58,700,000 Shares to be issued upon exercise of the conversion rights in respect of an outstanding principal amount of HKD58,700,000 attached to the convertible note in the principal amount of HKD155,000,000 issued by the Company on 7 July 2010. As at 30 June 2013, (i) 291,300,000 Shares and (ii) 58,700,000 Shares to be issued upon exercise of the conversion rights in respect of an outstanding convertible note in the principal amount of HKD58,700,000, and (iii) the entire issued share capital of Diamond Era were pledged to a commercial bank in relation to a borrowing by the bank to the Group.

   Mr. Li Baosheng is deemed, or taken to be, interested in the Shares in which Diamond Era is interested for the purpose of the SFO.

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2013, 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, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Number of Shares held/ interested	Nature of interest	Approximate percentage of shareholdings
Diamond Era Holdings Limited *(Note)*	350,000,000	Beneficial owner	35.92%

Note:

As at 30 June 2013, Diamond Era was interested in (i) 291,300,000 Shares, and (ii) 58,700,000 Shares to be issued upon exercise of the conversion rights in respect of an outstanding principal amount of HKD58,700,000 attached to the convertible note in the principal amount of HKD155,000,000 issued by the Company on 7 July 2010.

Diamond Era is owned as to 77.78% by Mr. Li Baosheng and 22.22% by Mr. Zhang Zhixiang, each an executive Director.

Corporate Governance

The Group is committed to maintaining high standards of corporate governance in order to enhance the quality of management and protect the interests of shareholders of the Company as a whole. To honour these commitments, the Group believes that good corporate governance reflects that a responsible enterprise must be credit worthy and transparent and abide by a high level of code of practice. As at the date of this report, the Board comprises six Directors, including three executive Directors and three independent non-executive Directors. The Board will continue to review its practices from time to time in order to improve the Group's corporate governance to meet internationally recognised best practice.

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

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. The Company had made specific enquires 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 six months ended 30 June 2013.

Senior management and those staff who are more likely to be in possession of unpublished inside information or other relevant information in relation to the Group have adopted rules based on the Model Code. These senior management and staff have been individually notified and advised about the Model Code by the Company. No incident of non-compliance of the Model Code by relevant senior management members was noted by the Company during the six months ended 30 June 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2013, the Company has fully complied with the applicable code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules.

Other Information

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the shares in the Company during the six months ended 30 June 2013.

SHARE OPTION SCHEME

For the six months ended 30 June 2013, no options were granted under the share option scheme operated by the Company and no options were exercised, cancelled or lapsed. No options were outstanding as at 30 June 2013.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee, and the remuneration committee comprises Ms. Hu Xiaolin, Mr. Zhang Zhixiang, Ms. Wong Wai Ling and Mr. Qu Weidong as at the date of this report.

NOMINATION COMMITTEE

The Company has set up a nomination committee on 29 March 2012, and as at the date of this report, the nomination committee comprises Mr. Li Baosheng, Mr. Zhang Zhixiang, Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin.

In order to comply with the amendments to the Listing Rules in relation to the diversity of the Board, which shall come into effect on 1 September 2013, amendments to the written terms of reference of the nomination committee have been passed on 30 August 2013.

Other Information

AUDIT COMMITTEE

The Company has established an audit committee, and as at the date of this report, the audit committee comprises Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin, being all the independent non-executive Directors. The unaudited interim results have not been reviewed by the auditor of the Company, while the audit committee has reviewed the unaudited financial results of the Company for the six months ended 30 June 2013, the interim result announcement and this report. The audit committee has also discussed matters such as internal control practices adopted by the Group and the financial reporting matters of the Group for the six months ended 30 June 2013.

CHANGE OF COMPANY NAME

With effect from 8 May 2013, the English name of the Company have been changed from “China Ruifeng Galaxy Renewable Energy Holdings Limited” to “China Ruifeng Renewable Energy Holdings Limited”, and the Chinese name of the Company from “中國瑞風銀河新能源控股有限公司” to “中國瑞風新能源控股有限公司”, the Certificate of Incorporation on Change of Name dated 8 May 2013 was issued by the Registrar of Companies in the Cayman Islands and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company dated 21 June 2013 was issued by the Registrar of Companies in Hong Kong. The stock short name of the Company remains unchanged.

Details of the change of company name are set out in the announcements of the Company dated 26 March 2013, 7 May 2013 and 26 June 2013, respectively, and the circular of the Company dated 5 April 2013.

APPOINTMENT AND RESIGNATION OF DIRECTORS

Mr. Ning Zhongzhi (寧忠志) has been appointed as an executive Director with effect from 28 January 2013 and Mr. Zhang Yong (張勇) has tendered his resignation as a non-executive Director with effect from 29 January 2013. Mr. Xu Xiaoping (許小平) has tendered his resignation as an executive Director with effect from 28 May 2013. Details of the aforesaid appointment and resignations are set out in the announcements of the Company dated 28 January 2013 and 28 May 2013, respectively.

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Note	For the six months ended 30 June 2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Turnover	3	**423,097**	303,507
Cost of sales		**(313,007)**	(232,451)
Gross profit		**110,090**	71,056
Other revenue and net income		**116,105**	20,045
Distribution costs		**(5,269)**	(5,285)
Administrative expenses		**(29,863)**	(28,146)
Other operating expenses		**(28,439)**	—
Profit from operations		**162,624**	57,670
Finance costs	4	**(85,748)**	(38,195)
Share of profit less loss of an associate		**—**	(6)
Profit before taxation	4	**76,876**	19,469
Income tax	5	**(7,993)**	(4,255)
Profit for the period		**68,883**	15,214
Attributable to:			
Equity shareholders of the Company		**49,833**	15,214
Non-controlling interests		**19,050**	—
Profit for the period		**68,883**	15,214
Earnings per share	7		
— Basic *(RMB)*		**0.051**	0.018
— Diluted *(RMB)*		**0.051**	0.018

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**68,883**	15,214
Other comprehensive income		
Exchange differences on translation of financial statements of operations outside the PRC	**273**	(399)
Other comprehensive income for the period (net of tax)	**273**	(399)
Total comprehensive income for the period	**69,156**	14,815
Total comprehensive income attributable to:		
Equity shareholders of the Company	**50,106**	14,815
Non-controlling interests	**19,050**	—
	69,156	14,815

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	2,235,828	182,340
Lease prepayments		15,135	10,866
Goodwill		—	4,060
Investment in an associate		—	5,103
Available-for-sale investments		—	46,184
Deferred tax assets		749	3,379
		2,251,712	251,932
Current assets			
Inventories		9,629	30,328
Trade and other receivables	10	601,433	667,720
Lease prepayments		108	249
Pledged bank deposits		3,596	4,151
Cash and cash equivalents		96,796	160,380
		711,562	862,828
Current liabilities			
Trade and other payables	12	219,747	112,532
Derivative financial instruments	13	—	1,528
Borrowings	14	258,203	614,054
Current taxation		7,004	8,271
		484,954	736,385

Condensed Consolidated Financial Statements

	Note	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Net current assets		**226,608**	126,443
Total assets less current liabilities		**2,478,320**	378,375
Non-current liabilities			
Borrowings	*14*	**1,458,673**	23,000
Deferred tax liabilities		**50,748**	15,114
		1,509,421	38,114
Net assets		**968,899**	340,261
Capital and reserves			
Share capital	*15*	**9,002**	9,002
Reserves		**372,832**	331,259
Equity attributable to shareholders of the Company		**381,834**	340,261
Non-controlling interests		**587,065**	—
Total equity		**968,899**	340,261

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to equity shareholders of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Special reserve *RMB'000*	Statutory reserves *RMB'000*	Other reserve *RMB'000*	Translation reserve *RMB'000*	Convertible bonds/note reserve *RMB'000*	Warrants reserve *RMB'000*	Retained profits/ (Accumulated losses) *RMB'000*	Attributable to equity shareholders of the Company *RMB'000*	Non-Controlling Interests *RMB'000*	Total equity *RMB'000*
Balance at 31 December 2011 (audited)	7,740	700,328	(91,284)	13,118	31,477	(771)	37,683	3,558	(352,433)	349,416	–	349,416
Conversion of convertible bonds/note	251	27,066	–	–	–	–	–	–	–	27,317	–	27,317
Exercise of warrants	616	99,670	–	–	–	–	–	(1,800)	–	98,486	–	98,486
Lapse of warrants	–	–	–	–	–	–	–	(1,758)	1,758	–	–	–
Transfer to statutory reserves	–	–	–	4,142	–	–	–	–	(4,142)	–	–	–
Total comprehensive income for the period	–	–	–	–	–	(399)	–	–	15,214	14,815	–	14,815
Balance at 30 June 2012 (unaudited)	8,607	827,064	(91,284)	17,260	31,477	(1,170)	37,683	–	(339,603)	490,034	–	490,034
Conversion of the convertible bonds/note	395	48,021	–	–	–	–	(17,010)	–	–	31,406	–	31,406
Realisation of deferred tax liabilities in respect of conversion of the convertible note	–	–	–	–	–	–	1,392	–	–	1,392	–	1,392
Total comprehensive income for the period	–	–	–	–	–	(393)	–	–	(182,178)	(182,571)	–	(182,571)
Balance at 31 December 2012 (audited)	9,002	875,085	(91,284)	17,260	31,477	(1,563)	22,065	–	(521,781)	340,261	–	340,261
Disposal of subsidiaries	–	–	91,284	(12,062)	(31,477)	(10,515)	–	–	(37,230)	–	–	–
Transfer to statutory reserves and non-controlling interests	–	–	–	1,455	–	–	–	–	(9,988)	(8,533)	8,533	–
Acquisition of a non wholly-owned subsidiary	–	–	–	–	–	–	–	–	–	–	559,482	559,482
Total comprehensive income for the period	–	–	–	–	–	273	–	–	49,833	50,106	19,050	69,156
Balance at 30 June 2013 (unaudited)	**9,002**	**875,085**	**–**	**6,653**	**–**	**(11,805)**	**22,065**	**–**	**(519,166)**	**381,834**	**587,065**	**968,899**

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013	2012
	RMB'000 **(unaudited)**	*RMB'000* (unaudited)
Net cash generated from/(used in) operating activities	**259,470**	(83,901)
Net cash used in investing activities	**(119,979)**	(9,503)
Net cash (used in)/generated from financing activities	**(199,072)**	67,906
Net decrease in cash and cash equivalents	**(59,581)**	(25,498)
Cash and cash equivalents at beginning of period	**160,380**	82,656
Effect of foreign exchange rate changes	**(4,003)**	(1,091)
Cash and cash equivalents at end of period, represented by bank balances and cash	**96,796**	56,067

Condensed Consolidated Financial Statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2012.

2. Significant accounting policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2013 as described below:

— HKFRS 10, "Consolidated Financial Statements". Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over 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.

— HKFRS 11, "Joint Arrangements". Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Under HKFRS 11, the jointly-controlled entities have been assessed to be joint ventures.

— HKFRS 13, "Fair Value Measurement".

Condensed Consolidated Financial Statements

2. **Significant accounting policies** — Continued

The adoption of the above HKFRSs had no material impact to the Group's results and financial position.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other new or amended standards and interpretations that are effective for the first time for the period that could be expected to have a material impact on the Group.

The following new or amended standards and interpretations have been issued but are not yet effective for the financial year beginning 1 January 2013 and have not been early adopted:

— HKAS 32 (Amendment) — Financial Instruments: Presentation [1]

— HKAS 36 (Amendment) — Recoverable Amount Disclosures for Non-Financial Assets [1]

— HKFRS 7 and HKFRS 9 (Amendments) — Mandatory Effective Date and Transition Disclosures [2]

— HKFRS 9 — Financial Instruments [2]

— HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011) (Amendments) — Investment Entities [1]

— HK(IFRIC) Interpretation 21 — Levies [1]

[1] *Changes effective for annual periods beginning on or after 1 January 2014*
[2] *Changes effective for annual periods beginning on or after 1 January 2015*

The Group anticipates that the application of the above new or amended standards and interpretations has no material impact on the results and the financial position of the Group.

Condensed Consolidated Financial Statements

3. Turnover

The principal activities of the Group were wind power generation, power grid construction and consultation, production of wind turbine blades, design, development, manufacturing and sales of diodes during the period.

Turnover represents electricity power generated from wind turbine, revenue from construction contracts and processing income charged to customers, and sales value of goods supplied to customers (net of value added tax and is after deduction of any sales discounts and returns). The amount of each significant category of revenue recognised in turnover during the period is as follows:

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from electricity power	**161,448**	—
Revenue from construction contracts and consultation	**129,745**	146,212
Sales of goods and processing income	**131,904**	157,295
	423,097	303,507

Condensed Consolidated Financial Statements

4. Profit before taxation

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

		For the six months ended 30 June	
		2013	2012
		RMB'000 **(unaudited)**	*RMB'000* (unaudited)
(a)	**Finance costs:**		
	Interest expenses on bank and other loans wholly repayable within five years	**19,373**	8,778
	Interest expenses on bank and other loans repayable over five years	**44,321**	—
	Interest expenses on convertible bonds	**11,551**	14,520
	Interest expenses on convertible note	**5,538**	7,810
	Interest expenses on promissory note	**4,965**	7,087
	Interest expense on financial liabilities not at fair value through profit or loss	**85,748**	38,195
(b)	**Staff costs:**		
	Directors' remuneration (including contribution to defined contribution retirement plans for Directors)	**2,968**	2,284
	Other staff costs	**37,570**	35,957
	Contribution to defined contribution retirement plans (excluding those for Directors)	**2,532**	2,328
	Total staff costs	**43,070**	40,569
(c)	**Other items:**		
	Impairment losses:		
	— trade receivables written back	**—**	(2,878)
	— property, plant and equipment/ (written back)	**667**	(2,637)
	— Goodwill	**4,061**	—
	Amortisation for lease prepayments	**332**	241
	Cost of inventories	**116,518**	135,093
	Depreciation for property, plant and equipment	**75,509**	9,151
	Interest income	**(783)**	(245)

Condensed Consolidated Financial Statements

5. Income tax

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Taxation expenses include:		
PRC enterprise income tax	**10,736**	5,544
Deferred tax	**(2,743)**	(1,289)
Total	**7,993**	4,255

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 period (30 June 2012: Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands or the British Virgin Islands.

Except for Changzhou Galaxy Electrical Co., Ltd. ("Galaxy Electrical") and Changzhou Galaxy Semiconductor Co., Ltd. ("Galaxy Semiconductor") (each of whom ceased to be a subsidiary of the Group during the period), the applicable enterprise income tax ("EIT") rate to the Group's PRC subsidiaries was 25% during the period.

Galaxy Electrical and Galaxy Semiconductor are recognised as high-technology enterprises. According to the PRC tax regulations, Galaxy Electrical and Galaxy Semiconductor are entitled to a preferential tax rate of 15% in both periods.

Pursuant to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises ("FEIT"), Changzhou Galaxy Hi-New Electric Parts Co., Ltd. ("Galaxy Hi-New") (who ceased to be a subsidiary of the Group during the period) is located in the coastal economic open zone and is recognised as a Production Foreign Invested Enterprise. According to the PRC tax regulations, Galaxy Hi-New is entitled to a tax concession period in which it is fully exempted from PRC income tax for the first two years commencing from their first profit making year (after the offset of tax losses brought forward), followed by a 50% reduction in the PRC income tax for the next three years. Year 2011 is the third year of 50% reduction on the income tax for Galaxy Hi-New. The applicable income tax rate of Galaxy Hi-New has been adjusted to 25% since 2012, same as the applicable income tax rate of other PRC subsidiaries of the Group except Galaxy Electrical and Galaxy Semiconductor for the years 2012 and 2013.

Condensed Consolidated Financial Statements

5. **Income tax** — Continued

Pursuant to Caishui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment ("Circular 46"). Hongsong, who is engaged in public infrastructure projects which are set up after 1 January 2008, is entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from its respective first operating income. Accordingly, Hongsong's certain profit, derived from public infrastructure projects which are set up after 1 January 2008, was exempted from the EIT for the years 2010, 2011 and 2012, followed by a 50% reduction for the year 2013.

The New Tax Law and the Implementation Regulations also impose a withholding tax at 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. Under the Arrangement between the PRC and Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, or Mainland China/HKSAR DTA, Hong Kong tax residents which hold 25% or more of a PRC enterprise are entitled to a reduced dividend withholding tax rate of 5%. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax under CaiSui 2008 No.1 Notice on Certain Preferential Corporate Income Tax Policies issued jointly by the Ministry of Finance and the State Administration of Taxation on 22 February 2008.

6. **Interim dividend**

The Directors do not recommend the distribution of an interim dividend for the six months ended 30 June 2013 (30 June 2012 : Nil).

7. **Earnings per share**

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the period ended 30 June 2013 of approximately RMB49,833,000 (30 June 2012: approximately RMB15,214,000) and the weighted average of approximately 974,300,000 ordinary shares (30 June 2012: 852,165,000 ordinary shares) in issue during the period, calculated as follows:

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7. **Earnings per share** — Continued

(a) ***Basic earning per share*** — Continued

(i) *Weighted average number of ordinary shares*

	For the six months ended 30 June	
	2013	2012
	'000	*'000*
	(unaudited)	(unaudited)
Issued ordinary shares at 1 January	**974,300**	819,000
Effect of conversion of convertible bonds	**—**	19,418
Effect of exercise of warrants	**—**	13,747
Weighted average number of ordinary shares at 30 June	**974,300**	852,165

(b) ***Diluted earnings per share***

Diluted earnings per share for the periods ended 30 June 2013 and 30 June 2012 are not presented because the existence of outstanding conversion options for the convertible note and convertible bonds during the periods have anti-dilutive effect of the basic earnings per share.

8. **Segment reporting**

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

— Wind farm operation: this segment uses wind turbine to generate electricity power in the PRC.

— Construction contracts and consultation: this segment constructs power grid and wind farm and provides consultation to external customers and to Group companies in the PRC.

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8. **Segment reporting** — Continued

— Production of wind turbine blades: this segment primarily derives its revenue from the production of wind turbine blades. These products are processed in the Group's manufacturing facilities located in the PRC.

— Production of diodes: this segment designs, develops, manufactures and sells diodes and related products mainly in the PRC. This segment was disposed of in May 2013.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates. Segment liabilities include provision for trade and other payables attributable to the manufacturing and sales activities of the individual segments and bank borrowings managed directly by the segments.

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

The measure used for reporting segment profit is "adjusted EBIT", i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as Directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBIT, management is provided with segment information concerning revenue (including inter-segment), interest income and expenses from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

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8. Segment reporting — Continued

(a) Segment results, assets and liabilities — Continued

Information regarding the Group's reportable segments as provided to the Group's chief executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2013 and 30 June 2012 is set out below.

	Wind farm operation		Construction contracts and consultation		Production of wind turbine blades		Production of diodes		Sub-total		Un-allocated		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'000 (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)
Reportable segment revenue	161,448	–	129,745	146,212	–	–	131,904	157,295	423,097	303,507	–	–	423,097	303,507
Reportable segment profit/(loss)	108,253	2,165	4,393	43,466	(1,034)	(1,703)	13,774	6,491	125,386	50,419	(12,358)	1,179	113,028	51,598
Impairment (losses)/ written back on:														
– Goodwill	(4,061)	–	–	–	–	–	–	–	(4,061)	–	–	–	(4,061)	–
– Property, plant and equipment	–	–	–	–	–	–	(667)	2,637	(667)	2,637	–	–	(667)	2,637
Central administrative costs											(333)	(5,349)	(333)	(5,349)
Finance costs											(31,091)	(29,417)	(31,091)	(29,417)
Profit before taxation													76,876	19,469
Income tax													(7,993)	(4,255)
Profit for the period													68,883	15,214

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8. **Segment reporting** — Continued

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

Other segment items included in the consolidated statement of comprehensive income are as follows:

	Wind farm operation		Construction contracts and consultation		Production of wind turbine blades		Production of diodes		Sub-total		Un-allocated		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Depreciation and amortisation for the period	67,899	56	2,662	2,341	425	435	4,754	6,441	75,740	9,273	101	119	75,841	9,392
Interest income	358	8	22	35	–	1	403	200	783	244	–	1	783	245
Share of profits less losses of associates	–	–	–	–	–	–	–	(6)	–	(6)	–	–	–	(6)

	Wind farm operation		Construction contracts and consultation		Production of wind turbine blades		Production of diodes		Sub-total		Un-allocated		Total	
	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013	As at 31 December 2012	As at 30 June 2013	As at 31 December 2012
	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (unaudited)	RMB'000 (audited)
Assets	2,484,354	394,609	451,074	402,985	19,361	20,675	–	251,572	2,954,789	1,069,841	8,485	39,816	2,963,274	1,109,657
Associate	–	–	–	–	–	–	–	5,103	–	5,103	–	–	–	5,103
Reportable segment assets	2,484,354	394,609	451,074	402,985	19,361	20,675	–	256,675	2,954,789	1,074,944	8,485	39,816	2,963,274	1,114,760
Additions to non-current segment assets during the period/the year	128,949	50	1,247	9,626	–	–	990	4,319	131,186	13,995	7	849	131,193	14,844
Reportable segment liabilities	(1,546,034)	(102,644)	(220,270)	(185,009)	(8,765)	(9,106)	–	(95,437)	(1,775,069)	(392,196)	(219,306)	(382,303)	(1,994,375)	(774,499)

(b) ***Geographic information***

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

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9. Property, plant and equipment

For the six months ended 30 June 2013, the Group acquired property, plant and equipment (including construction in progress) amounting to approximately RMB131,193,000 (30 June 2012: approximately RMB6,725,000). The Group acquired property, plant and equipment through acquisition of subsidiary for the six months ended 30 June 2013 amounting to approximately RMB2,029,754,000 (30 June 2012: Nil).

10. Trade and other receivables

	As at 30 June 2013	As at 31 December 2012
	***RMB'000* (unaudited)**	*RMB'000* (audited)
Trade receivables	**138,239**	216,527
Less: allowance for doubtful debts	**(111)**	(19,615)
	138,128	196,912
Other receivables	**102,980**	76,966
Note receivables	**—**	22,718
Amount due from a director	**712**	725
Loans and receivables	**241,820**	297,321
Prepayments and deposits	**249,586**	163,936
Deposit for acquisition of a subsidiary	**—**	129,000
Gross amount due from customers for contract work	**110,027**	77,463
	601,433	667,720

All of the trade and other receivables (including note receivables and amount due from a Director) are expected to be recovered or recognised as expense within one year.

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10. Trade and other receivables — Continued

Trade receivables are net of allowance for doubtful debts of approximately RMB111,000 (31 December 2012: RMB19,615,000) with the following ageing analysis as of the end of the reporting period:

	As at 30 June 2013	As at 31 December 2012
	RMB'000 **(unaudited)**	*RMB'000* (audited)
Within three months	**42,325**	130,077
More than three months but within one year	**62,905**	41,718
More than one year	**32,898**	25,117
	138,128	196,912

The Directors consider that the carrying amount of trade and other receivables approximate its fair value.

11. Bank loans

As at 30 June 2013, the amount of the Group's bank borrowings increased to RMB1,642,173,000 (31 December 2012: RMB185,000,000), of which secured bank borrowings amounting to RMB877,500,000 (31 December 2012: RMB160,000,000) were secured by the property, plant and equipment, the lease prepayments and certain amount of trade receivables, and guaranteed bank borrowings amounting to RMB87,000,000 (31 December 2012: RMB25,000,000) were guaranteed by an indirect wholly-owned subsidiary of the Company, Chengde Beichen High New Technology Co., Ltd ("Beichen Hightech"), and former shareholders of Hongsong. Approximately RMB170,673,000 of the Group's bank loan were secured by the entire issued share capital of certain subsidiaries of the Group and a substantial shareholder, and by a substantial shareholder with Company's shares and the convertible note, and guaranteed by certain Directors as well as the spouse of the said Directors (31 December 2012: Nil). RMB507,000,000 of the Group's bank loan were unsecured (31 December 2012: Nil).

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12. Trade and other payables

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Trade payables	111,500	76,297
Other payables	12,106	20,080
Advance from customers	18,522	10,440
Dividend payables	49,352	—
Amounts due to a director	5,201	2,722
Financial liabilities measured at amortised cost	196,681	109,539
Gross amount due to customers for contract work	23,066	2,993
	219,747	112,532

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

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Within three months	27,697	51,408
More than three months but within one year	66,347	17,799
More than one year	17,456	7,090
	111,500	76,297

All of the trade and other payables (including amounts due to a Director) are expected to be settled or recognised as income within one year.

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade and other payables approximate its fair value.

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13. Derivative financial instruments

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Derivative financial liabilities:		
Derivative component of convertible bonds	—	1,528

All the amounts of derivative financial instruments are stated at fair value.

14. Borrowings

The analysis of the carrying amount of borrowings is as follows:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Bank loans	1,642,173	185,000
Convertible bonds	—	78,125
Convertible note	46,703	41,954
Promissory note	—	171,395
Other loans	28,000	160,580
	1,716,876	637,054
Analysis as:		
Current	258,203	614,054
Non-current	1,458,673	23,000
	1,716,876	637,054

All of the non-current borrowings, except for the non-current bank loan of RMB23,000,000 (31 December 2012: RMB23,000,000), are carried at amortised cost. None of the non-current borrowings is expected to be settled within one year.

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15. Share capital

	As at 30 June 2013		As at 31 December 2012	
	No. of shares *'000* (unaudited)	Amount *RMB'000* (unaudited)	No. of shares *'000* (audited)	Amount *RMB'000* (audited)
Authorised:				
Ordinary shares of HKD0.01 each	2,000,000	20,400	2,000,000	20,400
Ordinary shares, issued and fully paid:				
At 1 January	974,300	9,002	819,000	7,740
Conversion of the convertible bonds	—	—	31,000	251
Exercise of the warrants	—	—	76,000	616
Conversion of the convertible note	—	—	48,300	395
At 30 June/31 December	974,300	9,002	974,300	9,002

16. Business combination

Pursuant to the Capital Increment Agreement entered into between, among others, an indirect wholly-owned subsidiary of the Company, On Win, and Hongsong, dated 24 October 2012, On Win has conditionally agreed to subscribe from Hongsong, and Hongsong has conditionally agreed to issue to On Win, the subscription shares comprising 430,000,000 shares in the share capital of Hongsong at RMB1.5 per share. The subscription shares, representing approximately 47.3% of the enlarged share capital of Hongsong, are to be paid in cash by On Win at a total consideration of RMB645,000,000 or equivalent in foreign currencies. On Win paid 20% of the consideration by cash (the equivalent amount in USD of RMB129,000,000) to Hongsong for the subscription shares. The remaining 80% of the consideration (which is equivalent to RMB516,000,000 or an equivalent amount of foreign currency) will be payable by installments throughout a two-year period from the first payment date.

Upon completion of the subscription on 6 January 2013, together with the 27,727,754 shares of Hongsong owned by Beichen Hightech prior to the capital injection, the Company, through its wholly owned subsidiaries, holds 457,727,754 shares in the total issued share capital of Hongsong, which represents approximately 50.3% share capital of Hongsong.

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16. Business combination — Continued

Consideration transferred (determined on a provisional basis)

	RMB'000 (unaudited)
Cash	129,000

Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)

	RMB'000 (unaudited)
Non-current assets	
Property, plant and equipment	2,029,754
Prepaid lease payments	10,100
Current assets	
Inventories	4,507
Trade and other receivables	228,142
Tax recoverables	30,760
Cash and cash equivalents	71,184
Current liabilities	
Trade and other payables	(113,289)
Interest-bearing borrowings	(142,000)
Non-current liabilities	
Interest-bearing borrowings	(1,265,000)
Deferred taxation	(44,769)
	809,389

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16. Business combination — Continued

Gain from a bargain purchase arising from acquisition (determined on a provisional basis)

	RMB'000 (unaudited)
Consideration transferred	129,000
Add: Fair value of previously held 5.77% interest in Hongsong	34,224
Add: non-controlling interests	559,000
Less: recognised amount of net identifiable assets acquired	(809,389)
Gain from a bargain purchase arising from acquisition	(87,165)

As a result of remeasuring fair value of the 5.77% equity interest in Hongsong held by the Group before the acquisition, a loss of approximately RMB11,960,000 was recognised in the consolidated income statement.

Net cash inflow arising on acquisition

	RMB'000 (unaudited)
Consideration	129,000
Less: Deposit paid	(129,000)
Add: cash and cash equivalent balances acquired	71,184
	71,184

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17. Disposal of subsidiaries

Details of the subsidiaries (Sun Light Planet Limited and its subsidiaries) disposed of during the six months ended 30 June 2013 are set out below:

	For the six months ended 30 June 2013 *RMB'000* (unaudited)
Non-current assets	
Property, plant and equipment	32,572
Lease prepayments	5,574
Investment in an associate	5,103
Deferred tax assets	2,630
Current assets	
Inventories	10,273
Trade and other receivables	105,016
Lease prepayments	142
Cash and cash equivalents	63,275
Current liabilities	
Trade and other payables	(54,800)
Non-current liabilities	
Deferred tax liabilities	(6,374)
Net gain on disposal of subsidiaries	12,068
Total consideration received	175,479
Net cash outflow arising on disposal:	
Cash consideration received	1,967
Cash and cash equivalents disposed of	(63,275)
	(61,308)

The consideration of HKD220,000,000 (equivalent to approximately RMB175,479,000) was satisfied by the Company's outstanding indebtedness under the promissory note of approximately HKD217,534,000 and by cash of approximately HKD2,466,000 respectively.

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18. Commitments

(a) Capital commitments outstanding at 30 June 2013 not provided for in the financial statements were as follows:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Acquisition of a subsidiary		
— Contracted for	516,000	516,000
Acquisition of property, plant and equipment and land use rights		
— Contracted for	412,658	453,678
	928,658	969,678

(b) At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2013 RMB'000 (unaudited)	As at 31 December 2012 RMB'000 (audited)
Within 1 year	1,386	1,631
After 1 year but within 5 years	—	1,085
More than 5 years	—	828
	1,386	3,544

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19. Pledge of assets

As at 30 June 2013, the Group had pledged leasehold land and buildings with net book values of approximately RMB2,450,000 (31 December 2012: approximately RMB7,595,000), trade receivables from the provincial power grid companies with a carrying value of approximately RMB22,996,000 (31 December 2012: Nil), certain property, plant and equipment with a carrying value of approximately RMB667,579,000 (31 December 2012: Nil), and the outstanding convertible note in the principal amount of HKD58,700,000 at a conversion price of HKD1.00 per share as security for the borrowings obtained by the Group (31 December 2012: HKD58,700,000).

As at 30 June 2013 and 31 December 2012, the entire issued share capital of Power Full, were pledged for borrowings obtained by the Group. As at 30 June 2013, the entire issued share capital of Fortune View Alliance, On Win and Conway were pledged to secure the borrowings.

20. Material related party transactions

During the six months ended 30 June 2013, the Group did not enter into any material transaction with related parties of the Group.