China Ruifeng Renewable Energy Holdings Limited

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

Interim Report **2015**

Contents

Company Information

Company Name: China Ruifeng 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
Mr. Zheng Xian Tao *(appointed on 14 July 2015)*
Mr. Li Tian Hai *(appointed on 14 July 2015)*

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

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

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

Loong & Yeung
Suites 2001-2006
20th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

Company Information

AUDITORS

HLB Hodgson Impey Cheng Limited
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
Level 22, Hopewell Centre
183 Queen's Read East
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 2015 together with the comparative figures of the corresponding period in 2014:

	For the six months ended 30 June		Increase/ (decrease)	Approximate change in percentage
	2015	2014		
	RMB'000 **(unaudited)**	*RMB'000* (unaudited)	*RMB'000*	%
Continuing operations				
Revenue	**191,642**	244,208	(52,566)	(22)
Gross profit	**98,674**	154,673	(55,999)	(36)
Profit from operations	**102,627**	143,698	(41,071)	(29)
Profit before taxation	**46,692**	85,336	(38,644)	(45)
Profit for the period	**23,476**	56,217	(32,741)	(58)
Discontinued operation				
Loss for the period	**(26,481)**	(70,124)	43,643	62
Attributable to:				
Equity shareholders of the Company	**(18,518)**	(63,771)	45,253	71
Non-controlling interests	**15,513**	49,864	(34,351)	(69)
Loss for the period	**(3,005)**	(13,907)	10,902	78

	As at 30 June 2015	As at 31 December 2014	Increase/ (decrease)	Approximate change in percentage %
	(unaudited)	(unaudited)		
Net cash *(RMB'000) (note)*	**(1,604,583)**	(1,732,700)	128,117	7
Net assets *(RMB'000)*	**605,703**	640,381	(34,678)	(5)
Liquidity ratio	**99%**	102%	—	(3)
Trade receivable turnover (number of days)	**77**	109	(32)	(29)
Trade payable turnover (number of days)	**124**	173	(49)	(28)
Net debt to equity ratio	**265%**	272%	—	(7)

Note:

Net cash: Bank deposits and cash less borrowings.

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Ruifeng Renewable Energy Holdings Limited (the "Company", together with its subsidiaries referred to as the "Group"), I hereby present the unaudited operating results of the Group for the six months ended 30 June 2015.

For the first half of the financial year of 2015, the revenue from continuing operations of the Group was approximately RMB191.64 million (the corresponding period in 2014: approximately RMB244.21 million) with a gross profit of approximately RMB98.67 million (the corresponding period in 2014: approximately RMB154.67 million). The loss attributable to the equity shareholders of the Company was approximately RMB18.52 million (the corresponding period in 2014: approximately RMB63.77 million), and the basic and diluted loss per share was approximately RMB0.015 (the corresponding period in 2014: approximately RMB0.062).

BUSINESS REVIEW

For the first half of the financial year of 2015, the gross profit from continuing operations of the Group has dropped as compared to the corresponding period last year because of the decrease in sales of electricity generated by the Group. The Group is consolidating its existing new energy business portfolio and pouring resources into wind and renewable power development with a view to creating better returns for shareholders and investors. On 14 April 2015, the Group disposed of Hebei Beichen Power Grid Construction Co. Ltd. ("Beichen Power Grid"). Upon the completion of the disposal, the Group ceased to operate the relevant power grid construction business.

As to capital structure, the Group issued certain corporate bonds. The net proceeds therefrom have been used to settle part of the bank loans and the Group's liabilities arising from previous business acquisitions and as general working capital of the Group. In addition, new shares of the Company (the "Shares") were placed on 2 July 2015 with a view to further strengthening the capital base of the Company. Please refer to the paragraphs headed "Placing of Bonds" and "The Placing of Shares in 2015" below respectively for further information.

Wind Power Business

The wind farm operated by Hebei Hongsong Wind Power Co., Ltd. ("Hongsong") is located in the Hongsongwa area of Hebei Province with a maximum installation capacity of 596.4MW, and the current installed capacity is 398.4MW. Hongsong's 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 the income source of Hongsong. The segment profit of Hongsong for the six months ended 30 June 2015 amounted to approximately RMB73 million (for the six months ended 30 June 2014: approximately RMB113 million).

The development of Hongsong's wind farm made steady progress in the first half of the financial year of 2015. Hongsong completed the construction of the Phase 9 Project – The Yuanhui Project, and it successfully went on grid in December 2013. On the other hand, striving to go on grid and commence power generation as soon as possible, the Phase 10 Jifeng Wind Power Project with a designed installation capacity of 49.5MW has already obtained project approval letters from the relevant governmental departments, and other documents, such as feasibility study report and environmental protection assessment report, have been submitted for approval. This project is expected to bring an additional annual electricity output of approximately 100 million KW per hour to the Group upon completion. By that time, the total installed capacity of Hongsong will reach 447.9 MW and the Group's revenue from the operation of wind farms is expected to increase significantly.

In addition, Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng"), another subsidiary of the Group, has another wind farm in Hexigten Qi in Inner Mongolia with a maximum installation capacity of 596.4 MW. Having invested approximately RMB140 million hitherto, the construction of this wind farm is currently in progress with the major infrastructures, such as road and foundation ring, of Phases 1 to 3 completed. On 24 April 2015, Phases 2 and 3 of Langcheng's wind farm with a total installation capacity of 99 MW were chosen for the "Fifth Batch of Wind Farm Project Approvals under the 12th Five-Year Plan" (《「十二五」第五批風電項目核准計劃》) prepared by the National Energy Administration. Phase 1 of the wind farm with a capacity of 49.5 MW is currently under construction in full steam and is expected to be completed and commence power generation and go on grid by the end of 2015. Phase 2 with a capacity of 49.5 MW is expected to be approved by the relevant authorities in the third quarter of 2015 and is endeavoring to go on grid and commence power generation by the end of 2015. These two projects with an estimated annual electricity output of 280,000,000 KW per hour are expected to involve a total investment of approximately RMB700,000,000. Upon completion, the project will be incorporated into the power grid of Chengde, Hebei Province. When Langcheng commences operation, the electricity generated by it will go on grid and be transmitted to the power grid in Northern China.

Chairman's Statement

Power Grid Construction Contracts

On 14 April 2015, Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd. ("Ruifeng Windpower") entered into an assignment of benefits agreement (the "Assignment of Benefits Agreement"), pursuant to which Ruifeng Windpower conditionally agreed to assign 100% of the benefits under an exclusive technical consultation agreement at a consideration of RMB100,100,000 to Mr. Cui De, an independent investor who is not connected to any Directors, chief executive or substantial shareholders of the Company or its subsidiaries and their respective associates. On 30 July 2015, Ruifeng Windpower further entered into a supplemental agreement with Mr. Cui and Beichen Power Grid in respect of the adjustment mechanism to the consideration of the Assignment of Benefits Agreement with the calculation of consideration based on the unaudited net assets value of Beichen Power Grid. Following the execution of the Assignment of Benefits Agreement, Ruifeng Windpower will no longer be entitled or exposed to the economic benefits and risks of businesses and operations of Beichen Power Grid. In fact, this amounted to the disposal of Beichen Power Grid to the assignee by Ruifeng Windpower.

OUTLOOK

Being the largest energy consumer in the world, the PRC has set its national energy development strategies around diversifying the energy profile, advocating environmental protection and developing renewable energies. Such initiatives have created a bright future and enormous room for the development of the wind power sector, which is one of the emerging energy industries. 2016 will mark the beginning of the 13th Five-Year Plan of the PRC, under which the PRC Government has set clear goals to increase the proportion of non-fossil fuel consumption in national energy consumption to 15% and 20% by 2020 and 2030, respectively, as well as to push ahead with energy production and consumption reforms. Industry players generally believe that the scale of future wind power installation plan will be well beyond expectations. Meanwhile, the PRC government will also accelerate the technological, hardware and structural development of the renewable energy sector (including the wind power).

Chairman's Statement

At a meeting on 30 April 2015, the Political Bureau of the Communist Party of China Central Committee approved the "Guidelines of the Beijing-Tianjin-Hebei Collaborate Development" (《京津冀協同發展規劃綱要》) (the "Beijing-Tianjin-Hebei Collaborate Development"), and it was reiterated that the Beijing-Tianjin-Hebei region will optimise the development model of densely populated economic hubs and seek breakthrough in, among other matters, the protection of ecosystems and the environment. Being a major state-level regional plan of the PRC government, the Beijing-Tianjin-Hebei Collaborate Development will undoubtedly open up ample investment opportunities and change the industrial structure in Beijing, Tianjin and Hebei, thereby creating huge room for the environmental protection, renewable energies and other sectors to grow. As the Group's wind farms operated by Hongsong and Langcheng are both located in the Beijing-Tianjin-Hebei region, it is believed that the Group will benefit from such favourable policy and enjoy promising development opportunity.

During the first half of the financial year of 2015, the Group has completed a business restructuring. It disposed of Beichen Power Grid in order to concentrate its resources on the wind farm operation, develop renewable energy-related businesses and mitigate the impact brought by the unsatisfactory performance of the power grid construction business.

The Group will continue to focus on the development of the wind farm operation business and strive to become one of the core players in the renewable energy sector in Northern China. The Group will also speed up the development of the new energy business by way of co-operative development and acquisition. Further, the Group will continue to identify and acquire power plants with promising prospects and mature operation so as to strengthen the current wind farm operation business in Hebei while expanding its business coverage into nearby markets. On the other hand, the Group has been increasing its shareholding in Hongsong since 2013 with the aim of enhancing the contribution from the wind power business. Hongsong is currently controlled by the Group as to 86.55%. Looking forward, the Group will continue the merger with Hongsong following the capital contributions and encourage the co-operation between Hongsong and the other business segments. Meanwhile, when opportunity arises, the Group will increase its share in Hongsong while considering other possible merger and acquisition opportunities in the renewable energy sector.

In addition, the Group will extend its reach into photovoltaic power plants in a small scale. Hongsong, China Suntien Green Energy Corporation Limited and Jinglong Industrial Group Co. Ltd. has agreed to put substantial efforts to boost the development of photovoltaic power plants in Hebei and, in turn, across the nation by jointly establishing Suntien Hebei Solar Energy Development Co., Ltd.（新天河北太陽能開發有限公司）.

To reinforce its market position in the renewable energy sector, the Group will actively explore new development opportunities in the sector while enhancing the scale and efficiency of its wind farm operation business. Based on its control over Hongsong, the Group will seek other potential merger and acquisition targets and step up its development in the renewable energy sector with a view to improving itself from a wind farm operator into the leader in the new energy sector.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to the shareholders, investors and business partners for their continuing care of and support to the Group. I would also like to thank the management team and all the staff for their contributions and dedication to the development of the Group. The Group will commit better returns to the shareholders and investors in accordance with its solid and concrete development strategies.

LI Baosheng
Chairman

Hong Kong, 31 August 2015

Management Discussion and Analysis

FINANCIAL REVIEW

After the disposal of the business of construction and consultation of power grid and transformer project in the first half of 2015, the Group is currently and principally engaged in wind farm operation through its subsidiaries Hongsong and Langcheng.

For the six months ended 30 June 2015, the Group's revenue from continuing operations amounted to approximately RMB191,642,000 (30 June 2014: approximately RMB244,208,000). Gross profit from continuing operations decreased by approximately 36% to approximately RMB98,674,000 for the six months ended 30 June 2015 (30 June 2014: approximately RMB154,673,000). The net profit from continuing operations was approximately RMB23,476,000 (30 June 2014: approximately RMB56,217,000) whereas the net loss from discontinued operation was approximately RMB26,481,000 (30 June 2014: approximately RMB70,124,000). The decrease in net profit from continuing operations was mainly due to lesser revenue generated from the wind farm segment for the six months ended 30 June 2015.

Revenue

During the period under review, the Group's revenue from continuing operations was derived from the business of wind power generation. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province, and Inner Mongolia.

Revenue from continuing operations for the six months ended 30 June 2015 was approximately RMB191,642,000. It represented a drop of 22% compared with that of approximately RMB244,208,000 in the corresponding period of 2014. The drop was mainly due to the decrease in electricity sales of Hongsong.

Cost of Sales

Cost of sales from continuing operations mainly includes the cost of raw materials, staff costs, depreciation, water, electricity, gas and other ancillary materials. Cost of sales from continuing operations for the six months ended 30 June 2015 was approximately RMB92,968,000, representing approximately 49% of the Group's revenue from continuing operations, showing an increase when compared with that of approximately 37% for the corresponding period in 2014.

Management Discussion and Analysis

Gross Profit

Gross profit from continuing operations for the six months ended 30 June 2015 dropped by approximately 36% to approximately RMB98,674,000 (30 June 2014: approximately RMB154,673,000) which was mainly due to the decrease in electricity sales of Hongsong.

Other Revenue and Net Income

Other revenue and net income from continuing operations mainly comprised of tax refund from government (30 June 2015: approximately RMB18,990,000; 30 June 2014: approximately RMB7,326,000), rental income from operating lease related to property, plant and equipment (30 June 2015: approximately RMB888,000; 30 June 2014: RMB nil) and revaluation gain on convertible bonds (30 June 2015: RMB nil; 30 June 2014: approximately RMB2,142,000). The significant increase in other revenue and net income from continuing operations was mainly due to the increase in tax refund from government.

Distribution Costs

Distribution costs from continuing operations mainly include 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 2015 represented approximately 0.21% of the Group's total revenue, which is similar to that of approximately 0.24% for the corresponding period in 2014.

Administrative Expenses

Administrative expenses from continuing operations mainly included salaries and welfare expenses, redemption cost, professional fees, entertainment expenses, travelling expenses, insurance expenses, other taxation expenses, exchange difference and provision for trade and other receivables. It decreased significantly by approximately 19% to approximately RMB16,262,000 for the six months ended 30 June 2015 when compared with that of approximately RMB20,015,000 for the six months ended 30 June 2014. The decrease was mainly due to the decrease in foreign exchange loss.

Management Discussion and Analysis

Finance Costs

Finance costs from continuing operations referred to interest expenses and bank charges on bank loans obtained and bonds issued by the Group. It amounted to approximately RMB55,935,000 for the six months ended 30 June 2015 while it amounted to approximately RMB58,362,000 in the corresponding period of 2014.

Taxation

Taxation from continuing operations decreased from approximately RMB29,119,000 for the six months ended 30 June 2014 to approximately RMB23,216,000 for the six months ended 30 June 2015. Such decrease was mainly due to the drop of the operating profit in the period.

Net Profit for the Period

The net profit from continuing operations was approximately RMB23,476,000 for the six months ended 30 June 2015 (30 June 2014: approximately RMB56,217,000). The decrease in profit was mainly due to less sales of electricity generated by the Group.

Net Current (Liabilities)/Assets

Net current liabilities of the Group as at 30 June 2015 amounted to approximately RMB4,408,000 while the net current assets amounted to approximately RMB11,980,000 as at 31 December 2014.

Liquidity and Financing

The cash and bank balances (including the pledged bank deposits) as at 30 June 2015 and 31 December 2014 amounted to approximately RMB97,067,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which was comprised of approximately RMB96,708,000, USD25,000 and HKD257,000), and approximately RMB184,518,000, respectively.

Management Discussion and Analysis

Total borrowings of the Group as at 30 June 2015 amounted to approximately RMB1,701,650,000, representing a decrease of approximately RMB215,568,000 when compared with approximately RMB1,917,218,000 as at 31 December 2014. The decrease in the total borrowings is mainly due to repayment of borrowings and disposal of a subsidiary with borrowings.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other financing. The Group's gearing ratio slightly decreased to approximately 76% as at 30 June 2015 from approximately 78% as at 31 December 2014. That ratio was calculated by dividing the Group's total liabilities by its total assets. During 2015, all of the Group's borrowings were settled in RMB, USD and HKD. Approximately 100% of the Group's income was denominated in RMB. All the borrowings as at 30 June 2015 were interest bearing borrowings. Among the interest bearing borrowings of the Group, approximately RMB123,745,000 were fixed rate loans, while approximately RMB1,577,905,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the six months ended 30 June 2015 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.

The Placing of Shares

On 24 September 2014 (after trading hours), the Company entered into a placing agreement with Haitong International Securities Company Limited ("Haitong") whereby the Company agreed to place, through Haitong, on a best effort basis, a maximum of 208,000,000 new Shares to not less than six Placees at a price of HKD1.00 per placing share. The placing price of HKD1.00 per Share represents a discount of approximately 18.03% to the closing price of HKD1.22 per Share as quoted on the Stock Exchange on 24 September 2014, being the date of the placing agreement. The placing shares were issued under the general mandate granted to the Board pursuant to the resolution passed by the shareholders of the Company (the "Shareholders") at the annual general meeting of the Company on 14 May 2014 and therefore not subject to the approval of the Shareholders.

The net price raised per placing share is approximately HKD0.995. The net proceeds from the placing were approximately HKD206,960,000 and were used for working capital, repayment of debts arising from the issued convertible bonds, repayment of partial bank loan(s) and repayment of partial debts arising from previous business acquisition(s). The net proceeds were applied to settlement of bank borrowings, investment acquisitions and working capital amounting to approximately HKD127,000,000, HKD77,300,000 and HKD2,660,000 respectively.

As a result of the above, the Company's total issued share capital increased to 1,249,404,000 Shares as at 7 October 2014. Details of the placing aforesaid are set out in the announcements of the Company dated 24 September 2014, 26 September 2014 and 7 October 2014, respectively.

Placing of Bonds

On 10 July 2014 (after trading hours), the Company entered into a placing agreement with Convoy Investment Services Limited ("Convoy"), whereby the Company agreed to issue and Convoy agreed, on a best efforts basis, to act as the placing agent to procure the subscribers to subscribe for the non-listing, 7% per annum bonds of up to HKD150,000,000 in principal amount, maturing on the 7th anniversary of the date of issue. The Company also issues corporate bonds to potential investors (if any) in the aggregate principal amount of up to HKD100,000,000 at par value with maturity date of 3 years and 5 years under substantially the same terms as the Corporate Bonds with maturity date of 7 years except that the interest rates of corporate bonds with maturity date of 3 years and 5 years are adjusted to 6% and 6.5% per annum respectively ("the Bonds").

The Company intends to use the net proceeds from the Bonds issued for (i) settling any liabilities arising from previous acquisitions of business by the Group; and (ii) general working capital of the Group. As at 30 June 2015, principal amount of HKD124,081,000 of the Bonds have been issued.

Details of the issue of the Bonds are set out in the announcements of the Company dated 10 July 2014, 28 April 2015 and 29 April 2015 respectively.

Management Discussion and Analysis

Acquisitions and Disposal

Acquisition of interest in Hong Song Holdings Limited

On 12 January 2015, the Company entered into an acquisition agreement with an independent third party, pursuant to which the vendor conditionally agreed to disposal of, and the Company conditionally agreed to purchase the entire equity interest in Hong Song Holdings Limited which indirectly held approximately 1.65% of the equity interest of Hongsong at the total consideration of HKD39,600,000.

Upon the completion of the aforesaid acquisitions of the entire equity interest in Hong Song Holdings Limited, the Company has obtained approximately 69.95% equity interest in Hongsong, and the aggregate control of registered capital in Hongsong will increase to approximately 86.55%.

Since the highest of the applicable percentage ratios (as defined in the Listing Rules) for the acquisition is below 5%, the acquisition does not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is exempted from Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Disposal of interest in Beichen Power Grid

On 14 April 2015 (after trading hours), Ruifeng Windpower entered into an assignment of benefits agreement (the "Assignment of Benefits Agreement"), pursuant to which Ruifeng Windpower conditionally agreed to assign to Mr. Cui De (the "Assignee") 100% of the benefits under the exclusive technical consultation agreement at the consideration of RMB100,100,000 (equivalent to approximately HKD124,859,673) (the "Assignment"). The Assignee is an independent investor who is not connected with any Directors, chief executive or substantial Shareholders of the Company or its subsidiaries and their respective associates.

On 30 July 2015 (after trading hours), Ruifeng Windpower further entered into a supplementary agreement with the Assignee and Beichen Power Grid in respect of the adjustment mechanism to the consideration of Assignment of Benefits Agreement with the calculation of consideration based on the unaudited net assets value of Beichen Power Grid.

Management Discussion and Analysis

Upon the completion of the Assignment, Ruifeng Windpower shall no longer be entitled to the economic benefits and risks arising from the business and operations of Beichen Power Grid, which in effect constitutes a disposal of the same from Ruifeng Windpower to the Assignee. The transaction was completed on 30 June 2015.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Assignment of Benefits Agreement are more than 5% but less than 25%, the Assignment and the transactions contemplated under the Assignment of Benefits Agreement are subject to, among other things, the reporting and announcement requirements, but is exempted from Shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the transaction are set out in the announcements of the Company dated 14 April 2015 and 30 July 2015 respectively.

Pledge of Assets

As at 30 June 2015, the Group has pledged certain property, plant and equipment (including leasehold land and buildings) with a carrying value of approximately RMB854,469,000 (2014: approximately RMB892,367,000), and trade and other receivables with a carrying value of approximately RMB14,797,000 (2014: approximately RMB92,708,000) as security for the borrowings obtained by the Group.

As at 30 June 2015, the Group has pledged bank deposits with a carrying value of approximately RMB40,919,000 (2014: approximately RMB8,919,000) as securities for bank guarantees issued to independent third parties and for the Group to obtain bank borrowings.

As at 30 June 2015 and 31 December 2014, the entire issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 30 June 2015 and as at 31 December 2014, the Group had no material contingent liabilities.

Management Discussion and Analysis

Employees

As at 30 June 2015, the Group had approximately 150 full-time employees (2014: approximately 150 employees) in Hong Kong and the PRC in respect of the Group's continuing operations. For the six months ended 30 June 2015, the relevant staff costs (including Directors' remuneration) from continuing operations were approximately RMB15,023,000 (2014: approximately RMB12,948,000). 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.

Non-Adjusting Events after Reporting Period

The Placing of Shares in 2015

On 18 June 2015 (after trading hours), the Company entered into a placing agreement with Qilu International Securities Limited ("Qilu") whereby the Company agreed to place, through Qilu, on a best effort basis, a maximum of 249,880,000 new Shares to not less than six Placees at a price of HKD0.80 per placing share. The placing price of HKD0.80 per Share represents a discount of approximately 16.67% to the closing price of HKD0.96 per Share as quoted on the Stock Exchange on 18 June 2015, being the date of the placing agreement. The placing shares were issued under the general mandate granted to the Board pursuant to the resolution passed by the Shareholders of the Company at the annual general meeting of the Company on 1 June 2015 and therefore not subject to the approval of the shareholders of the Company.

The net price raised per placing share is approximately HKD0.80. The net proceeds from the placing were approximately HKD198,904,480 and were used for general working capital, repayment of partial bank loan(s), repayment of partial debts arising from previous business acquisition(s) and possible opportunities of mergers and acquisitions. The completion of the aforesaid placing took place on 2 July 2015.

As a result of the above, the Company's total issued share capital increased to 1,499,284,000 Shares as at 2 July 2015. Details of the placing are set out in the announcements of the Company dated 18 June 2015 and 2 July 2015 respectively.

Management Discussion and Analysis

Grant of Share Options

A share option scheme (the "Share Option Scheme") was adopted on 1 June 2015, whereby the Board may, at its absolute discretion, grant options to any eligible participants including Directors, employees and consultants of the Group to subscribe for shares in the Company. Details of the Share Option Scheme were set out in the circular of the Company dated 29 April 2015.

With reference to the announcement of the Company dated 31 July 2015 (the "31 July 2015 Announcement"), the Company has granted share options (the "Options") under the Share Option Scheme to the Grantees (as defined in the 31 July 2015 Announcement), which, subject to acceptance by the Grantees, will enable the Grantees to subscribe for an aggregate of 124,920,000 Shares of HKD0.01 each in the share capital of the Company at an exercise price of HKD1.07 per Share, which represents a premium of the highest of (i) the closing price of HKD1 per Share as stated in the daily quotation sheet issued by the Stock Exchange on the Date of Grant (as defined in the 31 July 2015 Announcement); (ii) the average closing price of HKD1.006 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the par value of HKD0.01 per Share. The Options granted shall be exercisable for 3 years commencing from 31 July 2015, and no Options will be exercisable after the expiry of the validity period. Of the total 124,920,000 Options, four executive Directors, namely Mr. Li Baosheng, Mr. Zhang Zhixiang, Mr. Ning Zhongzhi and Mr. Zheng Xian Tao, were each granted with 4,620,000 Options respectively.

Proposed Issuance of Convertible Bonds

On 30 July 2015 (after trading hours), the Company and the subscriber, a financial institution incorporated in the PRC and to the best of the knowledge, information and belief of the Director having made all reasonable enquiries, an independent third party of the Company, entered into a non-legal binding memorandum of understanding, pursuant to which it is proposed that the Company will issue and the subscriber will subscribe for the convertible bonds of the Company in the principal amount of not less than HKD1,000,000,000. The conversion price shall not be higher than HK$0.5 per share.

The net proceeds from the purposed subscription of the convertible bonds were proposed to be applied towards (i) the business of the Company or any of its subsidiaries; (ii) the opportunity for potential mergers and acquisitions; and (iii) the general working capital and administrative expenses of the Company.

Management Discussion and Analysis

Please refer to the announcement of the Company dated 30 July 2015 for the details of the issuance of convertible bonds.

Acquisition of World Business Limited

On 17 August 2015 (after trading hours), City Alliance Limited, a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Mr. Chen Min (to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, a third party independent of the Company and is not a connected person (as defined in the Listing Rules) of the Company) , pursuant to which City Alliance Limited agreed to purchase and Mr. Chen Min agreed to sell 100% of the equity interest in World Business Limited. Upon completion of the acquisition, World Business Limited will become a wholly-owned subsidiary of the Company.

The consideration of the acquisition is HK$11,374,945, which will be funded by the internal resources of the Group.

Please refer to the announcement of the Company dated 17 August 2015 for the details of the acquisition aforesaid.

Disclosure of Interests

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

As at 30 June 2015, 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
Zhang Zhixiang	308,867,000	Interest of controlled corporation *(Note 1)*	24.72%

Note:

1. Mr. Zhang Zhixiang is the beneficial owner of 100% of the issued shares of Diamond Era Holdings Limited ("Diamond Era"). As at 30 June 2015, 308,867,000 shares held by Diamond Era were pledged to a commercial bank in relation to a borrowing by the bank to the Group. Mr. Zhang Zhixiang is deemed, or taken to be, interested in the Shares in which Diamond Era is interested for the purpose of the SFO.

Disclosure of Interests

(B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2015, 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	Position	Approximate percentage of shareholdings
Diamond Era *(Note)*	308,867,000	Beneficial owner	Long	24.72%
ARDON Maroon Asia Master Fund	45,088,000	Beneficial owner	Long	3.61%
	80,000,000	Beneficial owner	Short	6.40%
ARDON Asia Eagle Feeder Fund LP	45,088,000	Interest of controlled corporation	Long	3.61%
	80,000,000	Interest of controlled corporation	Short	6.40%
Ardon Maroon Asia Dragon Feeder Fund	45,088,000	Interest of controlled corporation	Long	3.61%
	80,000,000	Interest of controlled corporation	Short	6.40%
Ardon Maroon Fund Management Limited	45,088,000	Interest of controlled corporation	Long	3.61%
	80,000,000	Interest of controlled corporation	Short	6.40%

Note:

As at 30 June 2015, Diamond Era was interested in 308,867,000 Shares. Diamond Era is owned as to 100% by Mr. Zhang Zhixiang, an executive Director.

Corporate Governance

The Group is committed to maintaining high standard of corporate governance in order to enhance the quality of management and protect the interests of Shareholders 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 eight Directors, including five 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 Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. The Company had made specific 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 the six months ended 30 June 2015.

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 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2015, the Company has fully complied with the applicable code provisions in the Corporate Governance Code set out in Appendix 14 to 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 2015.

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 2015.

SHARE OPTION SCHEME

For the six months ended 30 June 2015, 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 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public for the reporting period and up to the date of this report.

REMUNERATION COMMITTEE

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

Other Information

NOMINATION COMMITTEE

The Company has set up a nomination committee which is comprised of Mr. Li Baosheng (Chairman), Mr. Zhang Zhixiang, Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin as at the date of this report.

AUDIT COMMITTEE

The Company has established an audit committee which is comprised of Ms. Wong Wai Ling (Chairman), Mr. Qu Weidong and Ms. Hu Xiaolin as at the date of this report, being all the independent non-executive Directors. The unaudited interim results have not been audited or reviewed by the auditor of the Company, while the audit committee has reviewed the unaudited financial results of the Group for the six months ended 30 June 2015, this interim 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 2015.

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Note	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Continuing operations			
Revenue	3	**191,642**	244,208
Cost of sales		**(92,968)**	(89,535)
Gross profit		**98,674**	154,673
Other revenue and net income		**20,680**	9,623
Distribution costs		**(409)**	(583)
Administrative expenses		**(16,262)**	(20,015)
Other operating expenses		**(56)**	—
Profit from operations		**102,627**	143,698
Finance costs	4	**(55,935)**	(58,362)
Profit before taxation	4	**46,692**	85,336
Income tax	5	**(23,216)**	(29,119)
Profit for the period from continuing operations		**23,476**	56,217
Discontinued operation			
Loss for the period from discontinued operation		**(26,481)**	(70,124)
Loss for the period		**(3,005)**	(13,907)
Attributable to:			
Equity shareholders of the Company		**(18,518)**	(63,771)
Non-controlling interests		**15,513**	49,864
Loss for the period		**(3,005)**	(13,907)
Basic and diluted earnings/(loss) per share attributable to the equity shareholders of the Company during the period	7		
— Continuing operations (RMB)		**0.006**	0.006
— Discontinued operation (RMB)		**(0.021)**	(0.068)
		(0.015)	(0.062)

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(3,005)**	(13,907)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the PRC	**(95)**	1,549
Other comprehensive income for the period (net of tax)	**(95)**	1,549
Total comprehensive income for the period	**(3,100)**	(12,358)
Total comprehensive income attributable to:		
Equity shareholders of the Company	**(18,613)**	(62,222)
Non-controlling interests	**15,513**	49,864
Total comprehensive income for the period	**(3,100)**	(12,358)

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	9	2,140,965	2,224,346
Lease prepayments		15,824	14,029
Available-for-sale investments	10	6,229	6,229
		2,163,018	2,244,604
Current assets			
Trade and other receivables	11	270,742	461,639
Lease prepayments		821	447
Pledged bank deposits		40,919	8,919
Tax recoverable		270	7,356
Cash and cash equivalents		56,148	175,599
		368,900	653,960
Current liabilities			
Trade and other payables	13	70,693	173,599
Borrowings	14	302,615	461,496
Current taxation		—	6,885
		373,308	641,980

Condensed Consolidated Financial Statements

	Note	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Net current (liabilities)/assets		**(4,408)**	11,980
Total assets less current liabilities		**2,158,610**	2,256,584
Non-current liabilities			
Other payables	*13*	**110,006**	114,908
Borrowings	*14*	**1,399,035**	1,455,722
Deferred tax liabilities		**43,866**	45,573
		1,552,907	1,616,203
Net assets		**605,703**	640,381
Capital and reserves			
Share capital	*15*	**11,180**	11,180
Reserves		**334,864**	381,915
Equity attributable to equity shareholders of the Company		**346,044**	393,095
Non-controlling interests		**259,659**	247,286
Total equity		**605,703**	640,381

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to equity shareholders of the Company							
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserves *RMB'000*	Translation reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 31 December 2013 (audited)	9,476	944,396	9,424	(12,022)	(568,224)	383,050	505,516	888,566
Transfer to statutory reserves	—	—	989	—	(989)	—	—	—
Conversion of the convertible bonds	60	11,053	—	—	—	11,113	—	11,113
Acquisition of non-controlling interests	—	—	—	—	(27,652)	(27,652)	(260,322)	(287,974)
Total comprehensive income for the period	—	—	—	1,549	(63,771)	(62,222)	49,864	(12,358)
Balance at 30 June 2014 (unaudited)	9,536	955,449	10,413	(10,473)	(660,636)	304,289	295,058	599,347
Transfer to statutory reserves	—	—	8,682	—	(8,682)	—	—	—
Conversion of the convertible bonds	—	(155)	—	—	—	(155)	—	(155)
Issue of shares upon placing	1,644	161,837	—	—	—	163,481	—	163,481
Acquisition of subsidiaries	—	—	—	—	—	—	12,492	12,492
Acquisition of non-controlling interests	—	—	—	—	14,227	14,227	2,596	16,823
Dividend paid to non-controlling interests	—	—	—	—	—	—	(75,074)	(75,074)
Total comprehensive income for the period	—	—	—	(1,691)	(87,056)	(88,747)	12,214	(76,533)
Balance at 31 December 2014 (audited)	11,180	1,117,131	19,095	(12,164)	(742,147)	393,095	247,286	640,381
Transfer to statutory reserves	—	—	6,256	—	(6,256)	—	—	—
Acquisition of subsidiary	—	—	—	—	(15)	(15)	—	(15)
Acquisition of non-controlling interest	—	—	—	—	(16,700)	(16,700)	(14,863)	(31,563)
Disposal of a subsidiary	—	—	(6,711)	—	6,711	—	—	—
Disposal of non-controlling interest	—	—	—	—	(11,723)	(11,723)	11,723	—
Total comprehensive income for the period	—	—	—	(95)	(18,518)	(18,613)	15,513	(3,100)
Balance at 30 June 2015 (unaudited)	11,180	1,117,131	18,640	(12,259)	(788,648)	346,044	259,659	605,703

Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	**50,263**	(16,974)
Net cash used in investing activities	**(61,328)**	(229,163)
Net cash (used in)/generated from financing activities	**(108,129)**	230,277
Net decrease in cash and cash equivalents	**(119,194)**	(15,860)
Cash and cash equivalents at beginning of period	**175,599**	135,015
Effect of foreign exchange rate changes	**(257)**	415
Cash and cash equivalents at end of period, represented by bank balances and cash	**56,148**	119,570

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 2014.

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 2014, 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 2015 as described below:

— Amendments to HKAS 19, Employee benefits "Defined benefit plans: Employee contributions"

— Annual Improvements to HKFRSs 2010-2012 Cycle

— Annual Improvements to HKFRSs 2011-2013 Cycle

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.

3. Revenue

The principal activity of the Group is wind power generation. The discontinued operation, power grid construction and consultation, was disposed of in June 2015.

Revenue for continuing operations represents electricity power generated from wind farm. Revenue for the discontinued operation represented the revenue from construction contracts. The amount of each significant category of revenue recognised in revenue during the period is as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Continuing operations		
Sale of electricity	**191,642**	244,208
Discontinued operation		
Revenue from construction contracts and consultation	**38,832**	48,043
	230,474	292,251

4. Profit before taxation

(i) Profit before taxation from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(a) Finance costs:		
Interest on bank and other loans wholly repayable within five years	**24,014**	41,416
Interest on bank and other loans wholly repayable over five years	**28,753**	14,903
Interest expenses on bonds	**3,164**	—
Interest expenses on convertible bonds	**—**	2,043
Finance charges on obligation under finance lease	**4**	—
Interest expense on financial liabilities not at fair value through profit or loss	**55,935**	58,362
(b) Staff costs (including Directors' remuneration):		
Directors' remuneration (including retirement benefit plan contributions)	**1,697**	1,616
Other staff costs	**13,279**	11,293
Retirement benefit scheme contributions (excluding Directors)	**47**	39
Total staff costs	**15,023**	12,948
(c) Other items:		
Amortisation of lease prepayments	**413**	169
Depreciation of property, plant and equipment	**79,073**	75,602
Interest income	**(685)**	(424)

4. **Profit before taxation** — Continued

(ii) Profit before taxation from discontinued operation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2015	2014
	RMB'000 **(unaudited)**	*RMB'000* (unaudited)
(a) Finance costs:		
Interest on bank and other loans wholly repayable within five years	**7,041**	6,321
Interest expenses on financial liabilities not at fair value through profit or loss	**7,041**	6,321
(b) Staff costs (including Directors' remuneration):		
Directors' remuneration (including contribution to defined contribution retirement plans for Directors)	**150**	230
Other staff costs	**2,416**	7,613
	2,566	7,843
(c) Other items:		
Impairment losses:		
— trade and other receivables (included in administrative expenses)	**—**	25,420
Depreciation for property, plant and equipment	**1,924**	2,554
Interest income	**(18)**	(25)

5. Income tax

	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
Taxation expenses include:		
Continuing operations		
PRC Enterprise Income Tax	**24,915**	30,937
Deferred tax	**(1,699)**	(1,818)
	23,216	29,119
Discontinued operation		
PRC Enterprise Income Tax	**—**	824
	—	824
	23,216	29,943

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 2014: Nil).

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

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

5. **Income tax** — Continued

In addition, pursuant to Caishui [2012] No. 10 Notice on the Implementation of Public Infrastructure Projects and Projects of Environmental Protection, Energy Saving and Water Conservation Entitled for Preferential Tax Treatment, certain wind power projects of Hongsong, which are approved before 31 December 2007, are also entitled to the 3+3 tax holiday commencing from the year in which the first operating income was derived but could only enjoy those tax benefit subsequent to 1 January 2008. In this connection, Hongsong has obtained the approval from the relevant tax authority to reduce its future income tax liabilities.

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries from continuing operations is 25% during the period.

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 CaiShui [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 2015 (30 June 2014: Nil).

7. **Earnings/(loss) per share**

(a) ***Basic earnings/(loss) per share***

The calculation of basic earnings per share from the continuing operations is based on the profit attributable to equity shareholders of the Company for the period ended 30 June 2015 of approximately RMB7,963,000 (2014: a profit of approximately RMB6,353,000).

The calculation of basic loss per share from discontinued operation is based on the loss attributable to equity shareholders of the Company for the period ended 30 June 2015 of approximately RMB26,481,000 (2014: approximately RMB70,124,000).

The weighted average of approximately 1,249,404,000 ordinary shares (2014: approximately 1,038,499,000) in issue during the period, calculated as follows:

(i) *Weighted average number of ordinary shares*

	For the six months ended 30 June	
	2015	2014
	'000 **(unaudited)**	*'000* (unaudited)
Issued ordinary shares at 1 January	**1,249,404**	1,033,772
Effect of conversion of convertible bonds	**—**	4,727
Weighted average number of ordinary shares at 30 June	**1,249,404**	1,038,499

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

Diluted earnings/(loss) per share for the period ended 30 June 2015 and 30 June 2014 is not presented because the Group had no potentially dilutive ordinary shares in issue during 2015 and the existence of outstanding conversion options for the convertible bonds during 2014 have anti-dilutive effect of the basic earnings/(loss) 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 two reportable segments that one of the segments was disposed in June 2015. No operating segments have been aggregated to form the following reportable segments.

Continuing operation

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

Discontinued operation

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

During 2015, processing of wind turbine blades is included under "Un-allocated" and not presented as a separate reportable segment.

(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. Segment liabilities include provision for trade and other payables and income tax payable attributable to 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.

8. **Segment reporting** — Continued

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

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

In addition to receiving segment information concerning adjusted EBT, management is provided with segment information concerning revenue (including inter-segment), interest income 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.

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 2015 and 30 June 2014 is set out below.

For the period ended 30 June 2015 (unaudited):

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Reportable segment revenue	191,642	—	191,642	38,832	230,474
Reportable segment profit/(loss)	72,692	(421)	72,271	(26,481)	45,790
Central administrative costs	—	(10,521)	(10,521)	—	(10,521)
Finance costs	—	(15,058)	(15,058)	—	(15,058)
Profit before taxation					20,211
Income tax					(23,216)
Loss for the period					(3,005)

8. Segment reporting — Continued

(a) Segment results, assets and liabilities — Continued

For the period ended 30 June 2014 (unaudited):

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Reportable segment revenue	244,208	—	244,208	48,043	292,251
Reportable segment profit/(loss)	112,986	919	113,905	(69,300)	44,605
Central administrative costs	—	(14,104)	(14,104)	—	(14,104)
Finance costs	—	(14,465)	(14,465)	—	(14,465)
Profit before taxation					16,036
Income tax					(29,943)
Loss for the period					(13,907)

8. **Segment reporting** — Continued

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

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

For the period ended 30 June:

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
2015 (unaudited)					
Depreciation and amortisation for the period	78,930	556	79,486	1,924	81,410
Interest income	676	9	685	18	703
As at 30 June 2015 (unaudited)					
Reportable segment assets	2,386,852	145,066	2,531,918	—	2,531,918
Reportable segment liabilities	(1,332,346)	(593,869)	(1,926,215)	—	(1,926,215)

8. Segment reporting — Continued

(a) Segment results, assets and liabilities — Continued

For the period ended 30 June

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
2014 (unaudited)					
Depreciation and amortisation for the period	75,195	576	75,771	2,554	78,325
Interest income	413	11	424	25	449
As at 31 December 2014 (audited)					
Reportable segment assets	2,547,886	26,075	2,573,961	324,603	2,898,564
Reportable segment liabilities	(1,452,483)	(483,070)	(1,935,553)	(322,630)	(2,258,183)

(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.

9. Property, plant and equipment

For the six months ended 30 June 2015, the Group acquired property, plant and equipment (including construction in progress) from continuing operations amounting to approximately RMB15,451,000 (30 June 2014: approximately RMB19,579,000). The Group acquired property, plant and equipment through acquisition of subsidiary for the six months ended 30 June 2015 amounting to RMB nil (30 June 2014: RMB209,000).

As at 30 June 2015, the net book value of the motor vehicle held under the finance lease of the Group was approximately RMB313,000 (31 December 2014: approximately RMB356,000).

10. Available-for-sale investments

	As at 30 June 2015	As at 31 December 2014
	RMB'000	*RMB'000*
Unlisted equity security, at cost	**6,229**	6,229

This represents the Group's investments in unlisted equity securities of a PRC company which does not commence operation up to the end of the reporting period.

Investments in unlisted securities are held for an identified long term strategic purpose so the Group does not intend to dispose them in the foreseeable future. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the Directors of the Company are of the opinion that their fair values cannot be measured reliably.

For the available-for-sale investments of the Group, the management reviews the latest investee's financial position, observable data such as net asset value per share and consequently considers no objective evidence of impairment was identified at 30 June 2015. Accordingly, the Directors of the Company consider no impairment should be recognised during the period ended 30 June 2015.

11. **Trade and other receivables**

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Trade receivables	76,304	164,213
Less: allowance for doubtful debts	—	(16,762)
	76,304	147,451
Other receivables	145,798	64,992
Less: allowance for doubtful debts	—	(15,637)
	145,798	49,355
Loans receivables	22,000	8,000
Loans and receivables	244,102	204,806
Prepayments and deposits	26,640	159,552
Less: allowance for doubtful debts	—	(23,005)
	26,640	136,547
Gross amount due from customers for contract work	—	120,286
	270,742	461,639

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

11. Trade and other receivables — Continued

Trade receivables are net of allowance for doubtful debts of RMB nil (31 December 2014: approximately RMB16,762,000) with the following ageing analysis as of the end of the reporting period:

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Within three months	72,909	101,549
More than three months but within one year	586	18,796
More than one year	2,809	27,106
	76,304	147,451

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

12. Bank loans

As at 30 June 2015, the amount of the Group's bank borrowings decreased to approximately RMB1,607,905,000 (31 December 2014: approximately RMB1,868,478,000), of which secured bank borrowings amounting to approximately RMB1,519,767,000 (31 December 2014: approximately RMB1,739,871,000) were secured by the Group's certain property, plant and equipment, certain trade receivables, certain bank deposits, the entire issued share capital of certain subsidiaries of the Group and of a substantial shareholder, certain properties owned by a substantial shareholder and personal guarantee provided by certain Directors as well as the spouse of the said Directors. Guaranteed bank borrowings amounting to RMB88,138,000 (31 December 2014: approximately RMB128,607,000) were guaranteed by an indirect owned subsidiary of the Company, former shareholders of a subsidiary of the Group and certain Director as well as the spouse of the said Director.

13. Trade and other payables

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Trade payables	6,605	67,892
Bills payables	—	23,000
Other payables	168,121	150,379
Amounts due to Directors	5,973	18,326
Amounts due to non-controlling interests	—	10,121
Financial liabilities measured at amortised cost	180,699	269,718
Gross amount due to customers for contract work	—	12,641
Advance from customers	—	6,148
	180,699	288,507
Less: non-current portion of other payables	(110,006)	(114,908)
	70,693	173,599

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

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Within three months	81	14,893
More than three months but within one year	599	13,491
More than one year	5,925	39,508
	6,605	67,892

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.

14. Borrowings

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

	As at 30 June 2015 *RMB'000* (unaudited)	As at 31 December 2014 *RMB'000* (audited)
Bank loans	1,607,905	1,868,478
Bonds	83,475	27,108
Other loans	10,000	21,322
Obligation under finance lease	270	310
	1,701,650	1,917,218
Analysis as:		
Current	302,615	461,496
Non-current	1,399,035	1,455,722
	1,701,650	1,917,218

All of the non-current borrowings are carried at amortised cost. None of the non-current borrowings is expected to be settled within one year.

15. Share capital

	As at 30 June 2015		As at 31 December 2014	
	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	1,249,404	11,180	1,033,772	9,476
Conversion of the convertible bonds	—	—	7,632	60
Issue of shares upon placing	—	—	208,000	1,644
At 30 June/31 December	1,249,404	11,180	1,249,404	11,180

16. Business Combination

Acquisition of Hong Song Holdings Limited

On 12 January 2015, the Company completed the acquisition of 100% equity interest in Hong Song Holdings Limited, an investment holding company which controlled approximately 1.18% voting rights and obtained approximately 1.65% equity interest in Hongsong, for total consideration of approximately HKD39,600,000. Hence, the aggregate voting rights and equity interest in Hongsong increased to approximately 86.55% and approximately 69.95% respectively.

17. Disposal of a subsidiary

Details of the subsidiary (Hebei Beichen Power Grid Construction Co., Ltd.) disposed of during the six months ended 30 June 2015 are set out below:

	2015 *RMB'000* (unaudited)
Property, plant and equipment	17,838
Trade and other receivables	397,728
Cash and cash equivalents	18,534
Trade and other payables	(184,386)
Borrowings	(156,600)
Tax liabilities	(6,783)
	86,331
Gain on disposal of a subsidiary	669
Total consideration to be received	87,000

The consideration of RMB87,000,000 is expected to be satisfied by cash in three months after completion which took place at 30 June 2015.

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18. Commitments

(a) Capital commitments outstanding at 30 June 2015 not provided for in the financial statements were as follows:

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Capital injection		
— Contracted for	387,562	387,562
Acquisition of property, plant and equipment		
— Contracted for	27,142	6,039
	414,704	393,601

(b) At 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2015 RMB'000 (unaudited)	As at 31 December 2014 RMB'000 (audited)
Within 1 year	2,111	624
After 1 year but within 5 years	4,054	312
	6,165	936

19. Pledge of assets

As at 30 June 2015, the Group had pledged property, plant and equipment (including leasehold land and buildings) with a carrying amount of approximately RMB854,469,000 (31 December 2014: approximately RMB892,367,000) and trade receivables with a carrying value of approximately RMB14,797,000 (31 December 2014: approximately RMB92,708,000) as security for the bank borrowings obtained by the Group.

As at 30 June 2015, the Group has pledged bank deposits with a carrying value of approximately RMB40,919,000 (31 December 2014: approximately RMB8,919,000) as securities for bank guarantees issued to independent third parties and for the Group to obtain bank borrowings.

As at 30 June 2015 and 31 December 2014, the entire issued share capitals of certain subsidiaries were pledged for borrowings obtained by the Group.

20. Material related party transactions

During the six months ended 30 June 2015, the Group did not enter into any material transaction with related parties of the Group.

21. Non-adjusting events after reporting period

The Placing of Shares

On 18 June 2015, the Company entered into a placing agreement with Qilu whereby the Company agreed to place, through Qilu, on a best effort basis, a maximum of 249,880,000 new Shares to not less than six Placees at a price of HKD0.80 per placing share under the general mandate. Hence, the net proceeds from the placing were approximately HKD198,904,480 and the Company's total issued share capital increased to 1,499,284,000 Shares as at 2 July 2015.

Grant of Share Options

A share option scheme (the "Share Option Scheme") was adopted on 1 June 2015, whereby the Board may, at its absolute discretion, grant options to any eligible participants including Directors, employees and consultants of the Group to subscribe for shares in the Company. On 31 July 2015, the Company has granted share options (the "Options") under the Share Option Scheme to the grantees, which will enable the grantees to subscribe for an aggregate of 124,920,000 Shares of HKD0.01 each in the share capital of the Company at an exercise price of HKD1.07 per Share. Of the total 124,920,000 Options, executive Directors of the Company, Mr. Li Baosheng, Mr. Zhang Zhixiang, Mr. Ning Zhongzhi and Mr. Zheng Xian Tao were granted with 4,620,000 Options respectively.

21. Non-adjusting events after reporting period — Continued

Issuance of Convertible Bonds

On 30 July 2015, the Company and the subscriber, a financial institution incorporated in the PRC and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, an independent third party of the Company, entered into the non-legal binding memorandum of understanding, pursuant to which it is proposed that the Company will issue and the subscriber will subscribe for the convertible bonds of the Company in the principal amount of not less than HKD1,000,000,000. The conversion price shall not be higher than HKD0.5 per share.

Acquisition of World Business Limited

On 17 August 2015, City Alliance Limited, a wholly-owned subsidiary of the Company, entered into the equity transfer agreement with Mr. Chen Min to buy 100% of the equity interest in World Business Limited with consideration of HKD11,374,945. Upon completion of the acquisition, World Business Limited will become a wholly-owned subsidiary of the Company.