China Ruifeng Renewable Energy Holdings Limited

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

ANNUAL REPORT 2015

Contents

Company Information

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00527

EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang *(Chief Executive Officer)*
Mr. Ning Zhongzhi
Mr. Zheng Xian Tao *(appointed on 14 July 2015)*
Mr. Li Tian Hai *(appointed on 14 July 2015)*
Mr. Li Baosheng *(resigned as the Chairman and an executive Director on 6 November 2015)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Wai Ling
Mr. Qu Weidong
Ms. Hu Xiaolin

AUDIT COMMITTEE

Ms. Wong Wai Ling *(chairman of the Audit Committee)*
Mr. Qu Weidong
Ms. Hu Xiaolin

REMUNERATION COMMITTEE

Ms. Hu Xiaolin *(chairman of the Remuneration Committee)*
Mr. Zhang Zhixiang
Ms. Wong Wai Ling
Mr. Qu Weidong

NOMINATION COMMITTEE

Mr. Qu Weidong *(appointed as the chairman of Nomination Committee on 6 November 2015)*
Mr. Zhang Zhixiang
Ms. Wong Wai Ling
Ms. Hu Xiaolin
Mr. Li Baosheng *(resigned as the chairman and a member of the Nomination Committee on 6 November 2015)*

COMPANY SECRETARY

Mr. Ng Ki Man

AUTHORISED REPRESENTATIVES

Mr. Zhang Zhixiang
Mr. Ng Ki Man

PRINCIPAL BANKERS

In Hong Kong:

Bank of China (Hong Kong) Limited
The Bank of East Asia Limited
China Minsheng Banking Corporation Limited, Hong Kong Branch

In the People's Republic of China (the "PRC"):

Bank of China Limited
Agricultural Development Bank of China
Industrial and Commercial Bank of China
Bank of Chengde
China Construction Bank

Company Information

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4306-07, 43/F.
China Resources Building
No. 26 Harbour Road, Wanchai
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

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

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Corporate Profile

As a renewable energy enterprise specialised in wind power operation, China Ruifeng Renewable Energy Holdings Limited ("Ruifeng Renew" or the "Company") together with its subsidiaries (collectively, the "Group") is engaged in the businesses of wind power generation, power grid construction and wind turbine blades manufacturing. The combination of different businesses not only expand various income streams, but also facilitate the development of, and complement with each other, the continuous enhancement of the Company's industrial structure and the establishment of a solid foundation, in order to reinforce the comprehensive development of its wind power operation.

Since 2013, Ruifeng Renew has increased its investment in Hebei Hongsong Renewable Energy Investment Co., Ltd. ("Hongsong Renewable Energy") (the second largest shareholder of Hebei Hongsong Wind Power Co., Ltd. ("Hongsong")). The Group has completed the acquisition of additional ownership interests in Hongsong Renewable Energy to 76.98%, increasing the Group's control in Hongsong to 86.55%.

Hongsong has an installable capacity of 398.4 megawatt ("MW"), and its maximum installable capacity is 596.4MW. Apart from Hongsong's wind farm, Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng"), a subsidiary of the Group is principally engaged in the operation of a wind farm that generates renewable energy in Hexigten Qi, Inner Mongolia Autonomous Region. The wind farms of Langcheng Phase I Project have started operation by the end of 2015 and currently, the total installable capacity of the wind farms operated by the Group amounted to 447.9MW.

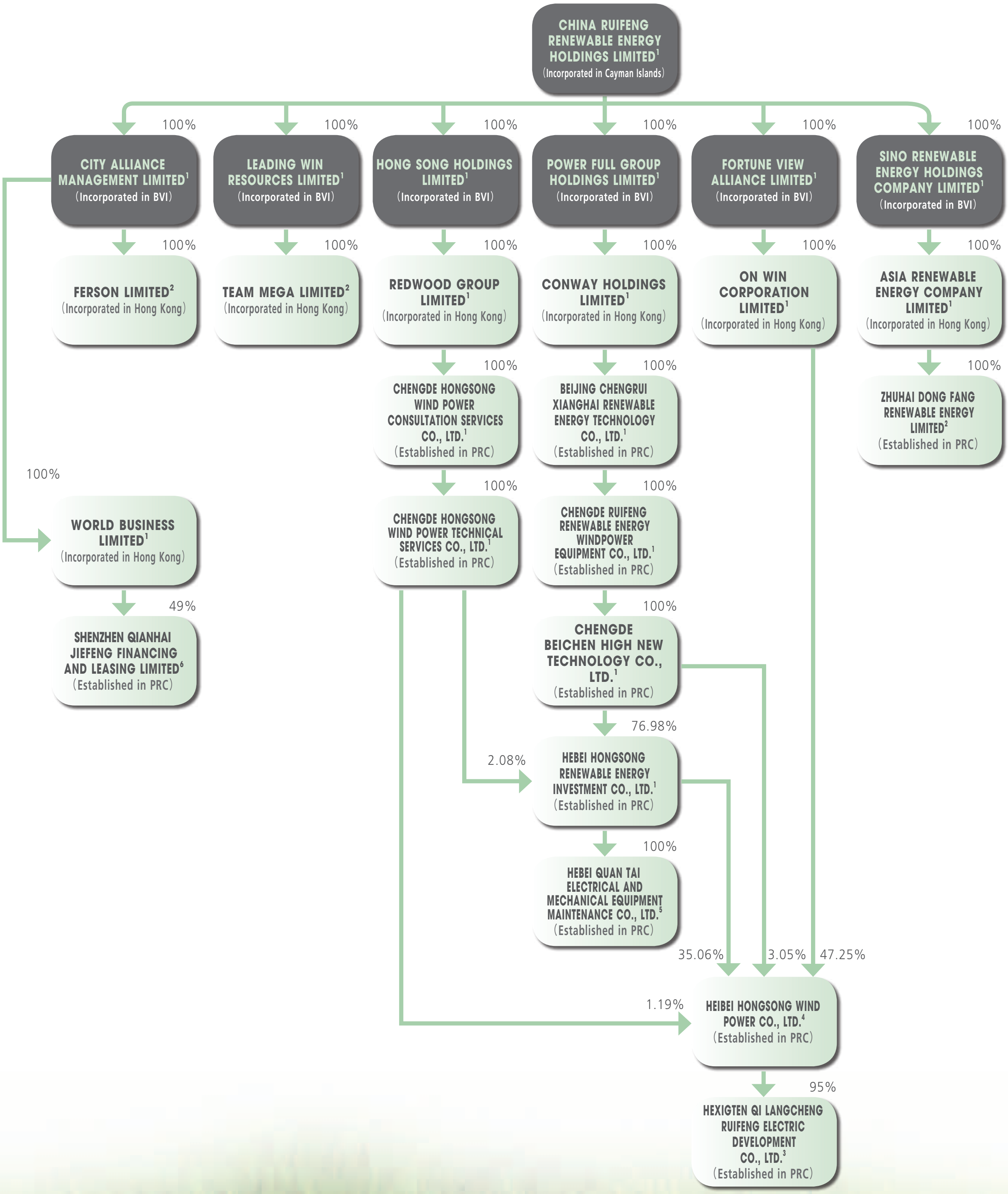
In addition, the Group acquired a total of 49% voting rights in Shenzhen Qianhai Jiefeng Financing and Leasing Limited ("Qianhai Jiefeng") in the second half of 2015. Qianhai Jiefeng is principally engaged in finance leasing, purchase of leased assets, lease advisory and guarantees. The equity participation in the finance leasing company helps expand the Group's financing channels, further lower the Group's finance cost and enhance the Group's competitiveness in the renewable energy industry.

Guided by the development strategy of exploring and utilizing wind farm resources and realizing integrated operation, the Company will relentlessly commit to developing and utilizing renewable energy, whilst integrating the resources and edges of its own power grid business in the pursuit of new development opportunities.

Corporate Structure

Corporate Structure

Set out below is the structure of the Group as at 31 December 2015:



Definitions:
"BVI" — The British Virgin Islands
"PRC" — The People's Republic of China

Corporate Structure

Notes:

1. These companies are investment holding companies.

2. These companies did not have any substantial businesses during the year ended 31 December 2015 and up to the date of this report.

3. Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd.（克什克騰旗朗誠瑞風電力發展有限公司）(“Langcheng”) is principally engaged in wind power business, which holds Shangtoudi wind farm in Inner Mongolia.

4. Hebei Hongsong Wind Power Co., Ltd.（河北紅松風力發電股份有限公司）(“Hongsong”) is principally engaged in the wind farm operation in Hebei Province.

5. Hebei Quan Tai Electrical and Mechanical Equipment Maintenance Co., Ltd.（河北全泰機電設備維修有限公司）is principally engaged in electrical and mechanical equipment maintenance.

6. Shenzhen Qianhai Jiefeng Financing and Leasing Limited（深圳前海捷豐融資租賃有限公司）is principally engaged in finance leasing, purchase of leased assets, lease advisory and guarantees.

Chief Executive Officer's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Ruifeng Renewable Energy Holdings Limited ("Ruifeng Renew" or the "Company", together with its subsidiaries referred to as the "Group"), I hereby present to the shareholders of the Company (the "Shareholders") the results of the Group for the year ended 31 December 2015.

As a renewable energy enterprise specialised in wind power development and operation, Ruifeng Renew is engaged in the businesses of wind farms development and operation as well as wind power generation. The Group has also signed a memorandum of understanding in respect of a proposed acquisition of a wind turbine manufacturer for further expansion of its down-stream manufacturing business in wind power. The combination of different businesses not only expands the Group's various income streams, but each business also complements each other to facilitate the development and continuous enhancement of the Company's industrial structure, and helps establish a solid foundation to reinforce the comprehensive development of its wind power operation.

For the year ended 31 December 2015, the Group recorded a net loss of approximately RMB72,428,000 (2014: a net loss of approximately RMB88,749,000).

The year of 2015 is a year of comprehensively deepening reform in the PRC; it was also a crucial year in which the Company has optimised its business layout and fully accomplished the objectives of the "12th Five-year Plan", while at the same time actively adjusted its strategies to accommodate the "13th Five-year Plan". In view of the overall circumstances, the global economy is recovering slowly; the traditional manufacturing industry in the PRC is undergoing a comprehensive upgrade and transformation with enhanced added-values which is now generates additional values; the paradigm of economic growth is shifting its emphasis to higher efficacy and better quality; and the constraints from environmental and ecological protection are becoming more stringent. The development of the energy industry has entered into a time of reform. Being one of the seven new strategic industries of the country which have built solid foundations during the period of the "12th five-year plan", along with the support from the policies of the "13th Five-year Plan", renewable energies such as wind power displays huge potential and possesses substantial room for future development. While adapting to the new circumstances and seizing the opportunities of the government's policy reforms, the Company will improve its development quality and efficiency to become a world-class renewable energy enterprise which has large scale production, high market share, great contribution to the society, strong profitability and competitiveness, and high capability of sustainability, thus bringing continuous, stable and substantial returns to the Shareholders.

In April 2015, the Group disposed of Beichen Power Grid Construction Limited ("Beichen Power Grid"). The transaction was completed on 30 June 2015. Through the disposal of the power grid construction business, the Company can focus more on new energy related businesses. With a more prominent major business, the Group's internal resources can be better consolidated and utilised in the development of upstream and downstream of the new energy businesses.

In August 2015, the Group entered into an Equity Transfer agreement to acquire 100% ownership interest in World Business Limited ("World Business"). World Business holds 25% registered capital in Shenzhen Qianhai Jiefeng Financing and Leasing Limited ("Qianhai Jiefeng"). Qianhai Jiefeng is principally engaged in finance leasing, purchase of leased assets, lease advisory and guarantees. In November 2015, the Group and Shenzhen Meixiang Logistics Limited ("Shenzhen Meixiang") entered into an equity transfer agreement to acquire a further 24%

registered capital in Qianhai Jiefeng. Upon completion of the transaction, the Group holds 49% registered capital of Qianhai Jiefeng. Through this series of transactions, the Group becomes interested in a finance leasing company, which helps expand the Group's financing channels and lower the Group's financial expenses in the future.

Corporate bonds were issued by the Group to improve its capital structure in 2015 and 2014. The net proceeds from the issuance have been used for the repayment of part of its bank loans and liabilities incurred in past business acquisitions by the Group, as well as for the general working capital of the Group. New shares of the Company ("Shares") were placed by the Group on 2 July 2015, which further broadened the capital base of the Company. Also on 28 January 2016, the Group proposed to raise capital through an open offer. The Group is intending to use approximately 90% of the net proceeds from the open offer for the consideration of possible acquisitions as well as for financing the Group's wind farm development and operation business; and approximately 10% of the net proceeds from the open offer for the Group's general working capital. For further details, please refer to the paragraphs headed "Placing of Bonds" in the Management Discussion and Analysis section, and "The Placing of Shares" and "Important Events Occurred Since the End of the Reporting Period" in the Directors' Report.

In 2015, the PRC Government emphasised that the transformation of energy development has provided crucial strategic opportunities, and the energy structure must be optimised and adjusted. Thus wind power, which represents the renewable energy industry, is expected to get more and more attention. In March 2016, the NDRC also published the "Administrative Measures on Protective Buyouts of Renewable Energy Power Generation"(《可再生能源發電全額保障性收購管理辦法》) which stipulated the buyouts of on-grid electricity of renewable energy power generation projects within the planned scope by power grid enterprises according to the on-grid tariff and protective buyouts utilization hours set by the PRC government with market competition mechanism. Such administrative measures provide strong external support and protection from policies to the business development of the Group. Furthermore, the formulation of the "Administrative Regulations on Trading National Carbon Emission Rights"(《全國碳排放權交易管理條例》) is speeding up, and NDRC has sent copies of the relevant drafts to ministries such as CBRC and CSRC to solicit opinions. The national carbon emission trading market will open if relevant regulations are duly passed so that the wind power operation business of the Group can then obtain additional profit from the sales of carbon emission rights.

In the future, Ruifeng Renew will consolidates its resources and continue to accelerate the development in wind power business. By fully leveraging the Group's wind farms, Ruifeng Renew will actively seek for development opportunities and strive for a solid foothold in the renewable energy industry in the near future.

On behalf of the Board, I would like to express my gratitude to the Shareholders, investors and business partners for their continuing care of and support to the Group. I would also like to thank the management team and all the staff for their contributions and dedications to the development of the Group. The Group is committed to bringing better returns to the Shareholders and investors through sound and pragmatic development strategies.

Chief Executive Officer
Zhang Zhixiang

Hong Kong, 29 March 2016

Management Discussion and Analysis

Management Discussion and Analysis

BUSINESS OVERVIEW

Results of the Group for the year ended 31 December 2015

For the year ended 31 December 2015, the Group's revenue from the continuing operations amounted to approximately RMB314,733,000 (2014: approximately RMB405,261,000), representing a decrease of approximately 22% from that of 2014. Gross profit from continuing operations decreased by approximately 39% to approximately RMB121,102,000 for the year ended 31 December 2015 (2014: approximately RMB197,867,000). The loss attributable to equity shareholders of the Company for the year ended 31 December 2015 was approximately RMB84,449,000 (2014: approximately RMB150,827,000). Consolidated net assets value of the Group as at 31 December 2015 increased by approximately 11% to approximately RMB712,031,000 (2014: approximately RMB640,381,000).

The overall financial results for the year ended 31 December 2015 recorded a reduced loss, which was mainly attributable to the decrease in electricity sales in Hongsong, increase both in share-based payment expenses related to share options granted in 2015 and increase in net foreign exchange losses arising from the depreciation of Renminbi while part of the Group's borrowings is in US dollars or HK dollars, which off-set the financial impacts on disposal of the power grid construction business during the year. On 14 April 2015, the Group disposed of Beichen Power Grid, an indirect wholly-owned subsidiary of the Company before the disposal. Upon completion of the disposal in June 2015, the Group ceased to operate the relevant power grid construction business.

(1) Wind farm operations

For the year ended 31 December 2015, the revenue from the wind farm operations amounted to approximately RMB314,733,000 (2014: approximately RMB403,227,000), representing a decrease of approximately 22% from that of 2014. The segment profit from the wind farm operations were approximately RMB48,552,000 (2014: approximately RMB113,200,000), representing a decrease of approximately 57% from that of 2014.

Hongsong's wind farm projects

The development of Hongsong's wind farm made steady progress in 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 already 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 operations of wind farms are expected to increase significantly.

Langcheng's wind farm projects

Langcheng, another subsidiary of the Company possesses a wind farm in Shangtoudi of Hexigten Qi with an installable capacity of 596.4MW. At the end of December 2015, Langcheng has completed the construction of Phase 1 project and it successfully went on grid. On the other hand, Phases 2 and 3 of Langchengs's wind farm with a total installation capacity of 99MW 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 on 24 April 2015. The construction is currently in progress with the major infrastructures such as road and foundation ring of Phases 2 and 3 completed. It is anticipated that the Group's revenue from the operations of wind farms will increase significantly.

(2) Power grid construction and consultation business (the discontinued operation)

With the focus on the development of principal business in the renewable energy sector, the Group completed the disposal of its power grid construction business on 30 June 2015. The power grid construction business of the Group was mainly run by Beichen Power Grid. Upon completion of the disposal, the Group recorded a gain on the disposal of approximately RMB453,000.

In addition, the Group has further improved its financial structure. In 2015, the Group has issued bonds and completed the placing of new shares, and the working capital has been greatly increased.

OPERATING ENVIRONMENT

In 2015, the increased volatility of the emerging markets' economy and the weak performance in the European economy brought a number of uncertainties to the global economic development. While faced with a complex international situation and an increased downward economic pressure, China's gross domestic products grew only 6.9% year-on-year in 2015, and China's economy has entered into a stage of "new normal" for economic growth. With a slowdown in the domestic economic growth, the growth pattern which relied on export and investment in large-scale infrastructure for the past 30 years has come to an end. The PRC Government will strive to introduce new ideas and new practices, seek for new development with new strategies and promote in-depth structural reforms. With entrepreneurship and innovations solidly promoted among Chinese people, it is anticipated that the economy will develop into a steady growth trend in general.

Under the "New Normal" pattern of the economic development, it is critical for the PRC Government to change its energy consumption mix and accelerate the adjustments in energy deployment. To achieve an economic development which is sustainable, it is important to reduce the use of non-renewable energy such as coal, oil and gas, and promote energy conservation, cut-down on emission and engage in low-carbon development, speed up the structural adjustments of electricity usage, increase the effort in the development of clean energy and kick start the transformation toward green energy utilisation. For the benefit of production development using renewable energy, and for the promotion of consumption pattern change, the PRC Government is putting a lot of effort in supporting the development of non-fossil energy. Since wind power is currently the most mature renewable energy in terms of technology and is having a lot of development potentials, it has a prominent position in China's energy development strategy.

To foster the development of wind power, the PRC Government has already implemented a number of policies. In April 2015, the National Energy Administration issued the "Notification of the Fifth Batch of Wind Farm Projects Approval under the 12th Five-Year Plan"（《「十二五」第五批風電項目核准計劃的通知》）in which the total installable capacity of all the projects was clearly specified as 34GW, a 23% growth as compared with the "Notification of the Fourth Batch of Wind Farm Projects Approval under the 12th Five-Year Plan" in 2014.

In March 2015, the National Energy Administration issued the "Notification of Wind Power Grid Connection and Utilisation in 2015"（《關於做好二零一五年風電併網消納工作的通知》）, indicated that the market consumption and effective utilisation of the wind power are of great importance. Through the promotion of reforms in the system and innovative mechanisms to optimise the deployment and operation of local grid, clean energies such as wind power should have the priority to get grid connections and fully paid. It was also stated that the inter-provincial and inter-district power transmission corridors should be used to expand the range of wind power resources allocation, the scale of wind power construction should be determined by the transmission capacity of transmission lines to ensure the maximum electricity output from clean energy sources. The policy has further eased the problem of the wind curtailment and allowed the healthy, stable and continuous development of the wind power industry.

In March 2015, the National Development and Reform Commission and National Energy Board jointly issued the "Guiding Opinions on Improving Power Operation Regulation and Promoting Comprehensive Development of Clean Energies"(《關於改善電力運行調節促進清潔能源多發滿發的指導意見》), which indicated that power generation using renewable energy should be maximised as long as the safety and stability of the grid could be ensured. For new electricity demand from Beijing, Tianjin and Hebei Province, Yangtze River Delta, Pearl River Delta and areas in which the proportion of clean energy utilisations are relatively low, priorities should be given to those of clean energy. The proportion of clean power generated electricity transmitted from other regions should be gradually increased for the improvement of atmospheric quality in the environment. In the regions where the energy resources were abundant or installed capacities of clean energy were relatively higher, if new electricity consumption was unable to meet the production of clean energies at full throttle, a market-oriented approach should be adopted. Clean energy producers should have the priority to deal with the users directly so as to fully tap the potentials of electricity consumption in the region and at the same time optimise the utilisation of clean energies.

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

MAJOR RISKS AND UNCERTAINTIES

(1) Risks of wind turbine equipment utilisation hours fluctuation

The average number of utilisation hours of power generation equipment are influenced by electric supply and demand, and therefore fluctuate accordingly. The average utilisation hours in Hebei Province in the years 2014 and 2015 were 1,864 and 1,825 hours respectively. The average utilisation hours of the Company's Hongsong Wind Farm in Hebei Province for the same two years were 2,003 and 1,941 hours respectively. As economic growth rate slackened, there are risks in fluctuations of the average utilisation hours of the Company's wind turbine equipment in the future, and these will definitely have an impact on the Company's profitability.

(2) Risks of wind power pricing fluctuation

In November 2015, the National Development and Reform Commission issued the "Notification regarding the improvement of on-grid benchmark tariff policy for onshore wind and photovoltaic power generations (discussion paper)" (《關於完善陸上風電、光伏發電上網標杆電價政策的通知(討論稿)》), and sought ideas and recommendations from all sectors of society regarding the policy on reducing on-grid benchmark tariff for onshore wind and photovoltaic power generations according to the scale of development. According to the electricity tariff adjustment proposal in the discussion paper, onshore wind power on-grid benchmark tariff will be adjusted gradually over several years as follows: Category I resources regions tariff will be reduced from the current RMB0.49 per kWh to RMB0.38; Category II resources regions from the current RMB0.52 per kWh to RMB0.40; Category III resources regions from the current RMB0.56 per kWh to RMB0.45; and Category IV resources regions from the current RMB0.61 per kWh to RMB0.52. It is a clear trend that wind power and such other new energies are connecting to the grid with cheaper tariffs. The planned direction for renewable energy in the 13th Five Year Plan is crystal clear, that by 2020 wind power will achieve connection to the grid at RMB0.4 per kWh. There will be four major areas of development for wind power in the 13th Five Year Plan; namely, no limit in regions with no curtailment; cost decrease arising from technological advancements; market access for simplified wind power projects; and improvement of wind power operating environment brought about by practical electric system reforms. Through technological advancement and market competition, efforts will be made to further significantly reduce the cost of wind power development during the period of the 13th Five Year Plan, and gradually reduce its dependence on subsidies. It is anticipated that in 2016 wind power prices will continue to fall, and this will have a definite impact on the Company's profitability.

(3) Risks arising from interest rate fluctuations

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

FUTURE PROSPECTS

The year of 2015 was destined to be distinctive. In the energy reports of 2013 and 2014, the National Energy Administration ("NEA") stated a number of major indicators to achieve in the area of energy, which included elasticity of energy consumption, aggregate amount of energy consumption, amount of coal production and consumption, amount of oil and gas production and consumption, and power generating capacity by non-fossil energy, etc. However, these specific development targets were not repeated in the 2015 energy report. Instead, the NEA set out a number of themes which were to be vigorously promoted and set the stage of the work in 2015. These themes included the promotion of revolutions in energy consumption, supply and technology, the promotion of reforms in the system of energy as well as grasping the opportunities of international cooperation. These indicate that the PRC Government will soon reduce the degree of its intervention in the energy market and remove restrictions on the development of the industry, and such measures are going to result in a new trend in which resources are allocated by the market instead of by government intervention.

The adverse effects such as air pollution and global warming resulted from traditional coal-fired power generation have led to high degree of support and attention from the public for the development of renewable energy. As a renewable energy which has the highest level of commercialisation, there is no doubt that the wind power industry will gain further acclamation.

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

In January 2015, the NEA officially enacted the "Notice for the Fifth Batch of Wind Farm Project Approvals under the 12th Five-Year Plan"（《關於報送「十二五」第五批風電項目核准計劃的通知》）, which specifically classified Hebei Province as the key region for wind power development and construction in 2015. In addition, the notice indicated the necessity to accelerate the construction project of Chengde wind power base phase 2. These measures would provide support for sustainable development of the Group's wind power business.

Meanwhile, to foster the widespread development of clean energy and strengthen its consumption both inter-regionally and inter-provincially, the PRC Government will expedite backbone grid constructions such as ultra-high voltage electricity transmission. Up until the date of this report, the PRC Government has completed the construction of "two alternating current circuits and four direct current circuits" ultra-high voltage, electricity transmission while over 15,000km of ultra-high voltage circuits are either in operation or under construction. In response to the power transmission corridors under the PRC's "One Belt and One Road Strategy" and to achieve the interconnection of the grids between the five Central Asian countries, State Grid Corporation of China has planned to start preliminary works for the four international interconnections of ultra-high voltage direct current projects. This would fully enhance the capability of the PRC in the construction of ultra-high voltage circuits, and create an era of innovation in ultra-high voltage technology.

Looking ahead, the Group's wind farm operation business will experience rapid development. With the advantage of a secured development environment in general and the increased level of attention to wind power by the public, the Company is expected to have a bright development prospect. In respect of the business growth of the Group in 2016, the Group has adopted the following development strategies:

The Group will continue to focus its resources on the development and operation of wind farms and is determined to become one of the pillars of the renewable energy industry in northern China. The Group will speed up the development of renewable energy business by way of cooperative development and acquisitions. The Group will continue to identify and acquire mature power plants with promising development prospects, in order to strengthen the existing wind farm operation and maintenance business in Hebei area and gradually extend the business to the surrounding areas. On the other hand, the Company has increased its investment in Hongsong since 2013, hoping to increase the weighting of wind power business in the Company's businesses. The shareholdings in Hongsong are currently maintained in 86.55%. In the future, the Group will continue with the integration work after the capital investment in Hongsong and enhance its interactions with other businesses. The Group will continue to seek opportunities to increase its investments in Hongsong and at the same time will consider other possible opportunities of mergers and acquisitions.

In the meantime, the Group will also expand to the business of solar photovoltaic power station in small scale. Hongsong, China Suntien Green Energy Co., Ltd. and Jinglong Industrial Group Co., Ltd. jointly established Suntien Hebei Solar Energy Development Co., Ltd., with an aim to leverage on the advantage of the shareholding companies' capabilities and speed up the development of Hebei solar photovoltaic power generation station, which will serve as a base targeting on the national market.

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

FINANCIAL REVIEW

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

For the year ended 31 December 2015, the Group's revenue from the continuing operations amounted to approximately RMB314,733,000 (2014: approximately RMB405,261,000), representing a drop of approximately 22% from that of 2014. Gross profit from continuing operations decreased by approximately 39% to approximately RMB121,102,000 for the year ended 31 December 2015 (2014: approximately RMB197,867,000). (Loss)/profit for the year ended 31 December 2015 from the continuing operations was approximately RMB(45,946,000) (2014 profit: approximately RMB45,295,000) while that from the discontinued operation was approximately RMB(26,482,000) (2014: approximately RMB(134,044,000)). The loss attributable to equity Shareholders was approximately RMB84,449,000 (2014: approximately RMB150,827,000). The drop in revenue but increase in most of the expenses for the year ended 31 December 2015 was mainly due to the decrease in the revenue in the business of the wind farm operation.

Operating results for the year ended 31 December 2015 were as follows:

	Year ended 31 December		Increase/	Approximate change in
	2015	2014	**(decrease)**	**percentage**
	RMB'000	*RMB'000*	*RMB'000*	%
Continuing operations				
Revenue	**314,733**	405,261	(90,528)	(22)
Gross profit	**121,102**	197,867	(76,765)	(39)
Profit from operations	**75,146**	187,247	(112,101)	(60)
(Loss)/profit before taxation	**(33,886)**	63,079	(96,965)	N/A
(Loss)/profit for the year	**(45,946)**	45,295	(91,241)	N/A
Discontinued operation				
Loss for the year	**(26,482)**	(134,044)	107,562	80
Attributable to:				
Equity shareholders of the Company	**(84,449)**	(150,827)	66,378	44
Non-controlling interests	**12,021**	62,078	(50,057)	(81)
Loss for the year	**(72,428)**	(88,749)	16,321	18

	Note	Year ended 31 December 2015	2014
Net cash *(RMB'000)*	*1*	**(1,805,332)**	(1,732,700)
Net assets *(RMB'000)*	*2*	**712,031**	640,381
Liquidity ratio	*3*	**117%**	102%
Trade receivable turnover (number of days)	*4*	**121**	109
Trade payable turnover (number of days)	*5*	**75**	173
Earning interest multiple	*6*	**0.48**	0.51
Net debt to capital ratio	*7*	**254%**	272%

Notes:

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

Revenue

During the year ended 31 December 2015, after the disposal of the power grid construction business and consultation of power grid and transformer project in June 2015, the Group's revenue was mainly derived from the business of wind power generation. Revenue from continuing operations for the year ended 31 December 2015 was approximately RMB314,733,000, representing a drop by approximately 22%. The drop in the revenue was due to the business of wind power generation suffering from the slowdown of China's gross domestic growth. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province and Inner Mongolia.

Analysis of the Group's revenue from its continuing operations for the year ended 31 December 2015 is set out below:

Revenue by business

	Year ended 31 December			Approximate change in
	2015	2014	**Decrease**	**percentage**
	RMB million	*RMB million*	*RMB million*	*(%)*
Continuing operations				
Wind power generation	**314.73**	403.23	(88.50)	(22)
Processing of wind turbine blades	**—**	2.03	(2.03)	(100)
Discontinued operation				
Power grid constructions and consultations	**40.88**	125.70	(84.82)	(67)
Total	**355.61**	530.96	(175.35)	(33)

Cost of Sales

Cost of sales from the continuing operations mainly includes the cost of raw materials, staff costs, depreciation, cost for usage of machineries, water, electricity, gas and other ancillary materials. Cost of sales for the year ended 31 December 2015 accounted for approximately RMB193,631,000, which represented approximately 62% of the Group's revenue, showing an increase from that of approximately 51% for the year ended 31 December 2014.

Gross Profit

Gross profit from the continuing operations decreased by approximately 39% to approximately RMB121,102,000 (2014: approximately RMB197,867,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin has also decreased from approximately 49% to approximately 38% for the year ended 31 December 2015 because the operating performance of the business of wind farm operation experienced a slight downturn.

Other Revenue and Net Income

Other revenue and net income from the continuing operations mainly comprised of tax refund from government (2015: approximately RMB27,354,000; 2014: approximately RMB18,656,000), interest income (2015: approximately RMB4,303,000; 2014: approximately RMB1,598,000) and rental income from operating leases (2015: approximately RMB2,806,000; 2014: approximately RMB2,916,000). The slight increase in other revenue and net income by approximately RMB8,752,000 was mainly because of the increase in government subsidy income and interest income.

Distribution Costs

Distribution costs from the continuing operations mainly include transportation costs, depreciation expenses, staff costs and entertainment expenses. Distribution costs for the year ended 31 December 2015 represented approximately 0.2% of the Group's revenue, which is similar to that of approximately 0.3% for the corresponding year in 2014.

Administrative Expenses

Administrative expenses from the continuing operations mainly include wages, salaries and welfare expenses, professional fees, rental expenses, entertainment expenses, travelling expenses, office expenses, other taxation expenses, exchange losses and allowance of doubtful debts for trade and other receivables. It increased by approximately 129% to approximately RMB80,211,000 for the year ended 31 December 2015 when compared with that of approximately RMB35,068,000 for the year ended 31 December 2014 mainly because of increase in share-based payment expenses related to share options granted in 2015, exchange losses and allowance of doubtful debts for trade and other receivables.

Other Operating Expenses

Other operating expenses from the continuing operations for the year ended 31 December 2014 amounted to approximately RMB787,000 mainly comprised of the loss on redemption of convertible bonds. The reduction in the other operating expenses to nil in 2015 was because of the loss on redemption of convertible bonds recorded in 2014 did not recur in 2015.

Finance Costs

Finance costs from the continuing operations mainly refer to the interest expenses and the bank charges on bank and other borrowings obtained by the Group. It amounted to approximately RMB109,034,000 for the year ended 31 December 2015 while it amounted to approximately RMB124,087,000 in the corresponding year of 2014.

Taxation

Taxation expenses from the continuing operations decreased to approximately RMB12,060,000 for the year ended 31 December 2015 (2014: approximately RMB17,784,000). Such a decrease was mainly derived from the decrease in taxable income of Hongsong.

(Loss)/profit for the Year

(Loss)/profit for the year ended 31 December 2015 from the continuing operations was approximately RMB(45,946,000) (2014: approximately RMB45,295,000). The significant drop was mainly due to the decrease in electricity sales of Hongsong and increase in administrative expenses.

Loss attributable to equity shareholders was approximately RMB84,449,000 (2014: approximately RMB150,827,000).

Loss for the year from the discontinued operation was approximately RMB26,482,000 (2014: approximately RMB134,044,000).

Net Current Assets

Net current assets of the Group as at 31 December 2015 increased to approximately RMB77,823,000 when compared with that of approximately RMB11,980,000 as at 31 December 2014.

Liquidity and Financing

The cash and bank balances (including the pledged bank deposits) as at 31 December 2015 and 31 December 2014 amounted to approximately RMB143,747,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which comprised approximately RMB102,443,000, USD6,000 and HKD49,278,000), and approximately RMB184,518,000, respectively.

Total borrowings of the Group as at 31 December 2015 amounted to approximately RMB1,949,079,000, representing an increase of approximately RMB31,861,000 when compared with approximately RMB1,917,218,000 as at 31 December 2014. The increase in the total borrowings is mainly because of additional borrowing was obtained by Langcheng for financing the Phase 1 project, Hongsong for financing acquisition of property, plant and equipment and the Company for financing acquisition and working capital.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other equity financing. The Group's gearing ratio slightly decreased to approximately 75% as at 31 December 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 the year ended 31 December 2015, all of the Group's borrowings were settled in RMB, USD and HKD and all of the Group's income was denominated in RMB. Interest bearing borrowings were approximately RMB1,949,079,000 as at 31 December 2015. Among the interest bearing borrowings of the Group, approximately RMB141,960,000 were fixed rate loans, while RMB1,807,119,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 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.

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 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 31 December 2015 and 31 December 2014, principal amount of approximately HKD144,236,000 and approximately HKD41,981,000 of the Bonds had been issued respectively.

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.

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 Directors 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 HKD0.5 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.

Details of the proposed issuance of convertible bonds are set out in the announcement of the Company dated 30 July 2015.

Acquisitions and Disposal

(1) 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 dispose of, and the Company conditionally agreed to purchase the entire ownership interest in Hong Song Holdings Limited which indirectly held approximately 1.65% of the ownership interest of Hongsong at the total consideration of HKD39,600,000.

Upon completion of the aforesaid acquisition of the entire ownership interest in Hong Song Holdings Limited, the Company obtained approximately 69.95% ownership interest in Hongsong, and the aggregate control of registered capital in Hongsong held by the Group has increased to approximately 86.55%.

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

(2) Disposal of interest in Beichen Power Grid

On 14 April 2015 (after trading hours), Chengde Ruifeng Renewable Energy Windpower Company Limited ("Ruifeng Windpower") (an indirect wholly-owned subsidiary of the Company) 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 an exclusive technical consultation agreement at the consideration of RMB100,100,000 (the "Assignment"). The Assignee was an independent investor who was 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.

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

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

(3) Acquisition of World Business Limited

On 17 August 2015 (after trading hours), City Alliance Management Limited (formerly known as City Alliance Limited) ("City Alliance"), a wholly-owned subsidiary of the Company, entered into an 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 agreed to purchase and Mr. Chen Min agreed to sell 100% of the ownership interest in World Business Limited. Upon completion of the aforesaid acquisition, World Business Limited would become a wholly-owned subsidiary of the Company. The consideration of the acquisition was HKD11,374,945, which was funded by the internal resources of the Group.

The consideration was arrived at after arm's length negotiations between City Alliance and Mr. Chen Min with reference to the unaudited total asset of World Business Limited as at 30 June 2015 as well as the total investment made by World Business Limited to Shenzhen Qianhai Jiefeng Financing and Leasing Limited（深圳前海捷豐融資租賃有限公司）amounting to USD1,342,440.50.

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

Apart from the transactions disclosed above and as set out in this report, there were no other material acquisition and disposal of subsidiaries and associated companies by the Group from 1 January 2015 to the date of this report.

Business Cooperation

On 25 July 2014, the Company entered into a non-legally binding cooperation agreement with China Create Financial Holding Group Co., Ltd. ("China Create") which shall remain in effect for 5 years in respect of development financing, aiming at integrating China Create's advantage in financing and the Group's advantage to build a comprehensive and in depth strategic comparative relationship.

The scope of the cooperation includes the following:—

(i) Development, construction and operation of new-energy projects in China, the United States, Europe and Asia-Pacific region;

(ii) Acquisition and reorganisation of technologies, businesses and assets in relation to the business of new-energy; and

(iii) Cooperation in respect of financing consultation and financial products.

According to the business development planning and investment needs of the Company, from 2014 to 2019, the investment amount of parties in various financial products shall be RMB10 billion, subject to contracts or approved documents to be entered into between parties.

The Company has agreed that, with the same conditions offered, it shall give priority in using financial products and services of China Create, and that each investment, fund, guarantee or loan obtained by the Company from China Create shall be used for the purpose as designated under relevant contract or approved documents.

Details of the cooperation agreement are set out in the announcement of the Company dated 25 July 2014.

Pledge of Assets

As at 31 December 2015, the Group has pledged certain property, plant and equipment (including leasehold land and buildings) with a carrying value of approximately RMB1,128,327,000 (2014: approximately RMB892,367,000), and trade and other receivables with a carrying value of approximately RMB95,995,000 (2014: approximately RMB92,708,000) as security for the borrowings obtained by the Group.

As at 31 December 2015, the Group has no pledged bank deposits (2014: approximately RMB8,919,000) as securities for bank guarantees issued to independent third parties and for the Group to issue bank acceptance bills.

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

Employees

As at 31 December 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 year ended 31 December 2015, the relevant staff costs (including Directors' remuneration) were approximately RMB42,932,000 (2014: approximately RMB29,776,000). 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.

Under the ordinary resolution passed at the annual general meeting on 1 June 2015, the Board adopted a new share option scheme and simultaneously terminated the share option scheme which was adopted by the Company on 17 May 2006. During the year ended 31 December 2015, no share options were exercised. Further details regarding the aforesaid share option schemes are set out in the section headed "Share Options Scheme" in the Directors' Report.

Biographies of Directors and Senior Management

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang（張志祥）, aged 48, is the chief executive officer of the Company and an executive Director. He is also an authorised representative of the Company, a member of each of the remuneration committee and nomination committee of the Company. He was appointed as an executive Director on 7 July 2010.

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

Mr. Zhang is a director of, and the sole beneficial owner of the share capital in, Diamond Era, a substantial shareholder of the Company interested in 308,867,000 shares, representing approximately 20.6% of the issued share capital of the Company as at 31 December 2015. Mr. Zhang also himself holds 4,620,000 share options of the Company, representing approximately 0.31% of the issued share capital of the Company.

Mr. Ning Zhongzhi（寧忠志）, aged 52, was appointed as an executive Director on 28 January 2013.

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

Mr. Zheng Xian Tao（鄭先濤）, aged 45, was appointed as an executive Director on 14 July 2015.

Mr. Zheng served as the vice general manager of 北京優力聯旭科技有限公司 (Beijing Union Power Technology Limited Company*) from March 2003 to November 2012, in which he was mainly responsible for the business of the Company in relation to sales and mergers and acquisitions. During his tenure with 北京銀灣信息技術有限公司 (Beijing Yin Wan Information Technology Limited Company*) from 2013 to 2015, Mr. Zheng served as the vice president and was responsible for internet finance related business. Mr. Zheng has years of experience in doing mergers and acquisitions in capital markets and in dealing with various types of financial instruments.

* *For identification purposes only*

Mr. Li Tian Hai（李天海先生）, aged 49, was appointed as an executive Director on 14 July 2015.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Wai Ling（黃慧玲）, aged 54, is an independent non-executive Director, the chairman to the audit committee of the Company and a member of each of the remuneration committee and nomination committee of the Company. Ms. Wong was appointed as an independent non-executive Director on 16 May 2006.

Ms. Wong received a bachelor degree from the University of Hong Kong and a postgraduate diploma in Accounting and Finance from the London School of Economics and Political Science, University of London, in the United Kingdom. Ms. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. She has over twenty years of solid experience in accounting, taxation and auditing. She had worked for more than seven years in major international accounting firms and major local accounting firms before she set up her own accounting firm in Hong Kong in 1993. Since then, she has been practicing as a Certified Public Accountant in Hong Kong.

Ms. Wong is an executive director of JC Group Holdings Limited (stock code: 08326) which was listed in Growth Enterprise Market of the Hong Kong Stock Exchange. Besides, Ms. Wong was appointed as non-executive Director of Hin Sang Group International Holding Co Ltd (stock code: 06893), a Hong Kong main board listed company. Ms. Wong was also appointed as independent non-executive director of and chairperson of the audit committees of Overseas Chinese Town (Asia) Holdings Ltd (stock code: 03366), AVIC International Holdings Ltd (stock code: 00161) and Yongsheng Advanced Materials Company Limited (stock code: 03608). Ms. Wong was also appointed as independent non-executive director of Glory Flame Holdings Ltd (stock code: 08059) which was listed in GEM of the Hong Kong Stock Exchange.

With these extensive solid professional accountancy and commercial experience as well as her participation in the regulatory, advisory and financial planning work of the listed companies, Ms. Wong has built up attributes and skills to equip herself with ample and relevant financial management expertise to better serve her clients and the listed companies.

* *For identification purposes only*

Mr. Qu Weidong（屈衛東）, aged 49, is an independent non-executive Director, the chairman to the nomination committee of the Company and a member of each of the audit committee and remuneration committee of the Company. Mr. Qu was appointed as an independent non-executive Director on 11 December 2010.

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

Ms. Hu Xiaolin（胡曉琳）, aged 47, is an independent non-executive Director, the chairman to the remuneration committee and a member of each of the audit committee and nomination committee of the Company. Ms. Hu was appointed as an independent non-executive Director on 9 May 2011.

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

SENIOR MANAGEMENT

Mr. Wang Jian（王劍）, aged 47, is the director and general manager of Hongsong, responsible for the daily operation of Hongsong. Mr. Wang was graduated in 2004 from China Agricultural University（中國農業大學）majoring at economic management professional. He obtained senior operating qualification in 2005 and obtained advanced project management qualification in 2006. Mr. Wang joined the current member of the Group since 1999. He was the director and general manager of Hongsong since 2001, and he has over 13 years working experience in wind farm operation and management.

Mr. Zhang Pengfei（張鵬飛）, aged 49, is the general manager of Langcheng responsible for the operation of wind farm of Shangtoudi. He was graduated in 1993 from Beijing Forestry Management Government Officer Institute（北京林業管理幹部學院企業管理專業）majoring at enterprise management. He was township secretary and chairman. He joined the current member of the Group in 2006.

Mr. Ng Ki Man（吳祺敏）, aged 30, is an authorised representative, financial controller and the company secretary of the Company. Mr. Ng joined the Group since September 2015.

He graduated from the City University of Hong Kong with a bachelor's degree in Information Systems. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. Currently, he is responsible for the financial management, reporting and secretarial matters of the Group. Prior to joining the Group, he had served in an accounting firm. He has over 7 years of experience in the fields of auditing and accounting.

COMPANY SECRETARY

Mr. Ng Ki Man (吳祺敏), personal details of Mr. Ng are included in the paragraph headed "Senior Management" above.

Directors' Report

The Directors present this report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of the Group are wind farm operation. The activities of its principal subsidiaries are set out in note 16 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2015 and further discussion and analysis of the matters as required by Schedule 5 to the Companies Ordinance, Chapter 622, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 10 to 25 of this report. The discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 60 of this report.

PROPOSED FINAL DIVIDEND

The Directors did not recommend the payment of dividends for the year ended 31 December 2015.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 156 of this report.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment in the amount of approximately RMB188,050,000 (2014: approximately RMB44,315,000). Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

THE PLACING OF SHARES

On 18 June 2015 (after trading hours), the Company entered into a placing agreement (the "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 Shares to not less than six placees which are independent institutional, professional and/or individual investors who are not connected with any Directors or substantial Shareholders or chief executive of the Company or its subsidiaries and their respective associates, 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.

The net price raised per placing share is approximately HKD0.80. The net proceeds from the placing were approximately HKD198,904,000 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 abovementioned placing are set out in the announcements of the Company dated 18 June 2015 and 2 July 2015.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

DONATIONS

No charitable or other donations were made by the Group during the year.

RESERVES

Movements in the reserves of the Company during the year are set out in note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Pursuant to the relevant rules of the Cayman Islands, the Company's reserves available for distribution to Shareholders as at 31 December 2015 amounted to approximately RMB492,963,000.

DIRECTORS

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

Executive Directors

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)*
Mr. Li Baosheng *(resigned as the Chairman and an executive Director on 6 November 2015)*

Independent non-executive Directors

Ms. Wong Wai Ling
Mr. Qu Weidong
Ms. Hu Xiaolin

Mr. Zheng Xian Tao and Mr. Li Tian Hai has been appointed as an executive Director with effect since 14 July 2015 and Mr. Li Baosheng has tendered his resignation as an executive Director with effect from 6 November 2015.

In accordance with Article 112 of the Company's Articles of Association, Mr. Zheng Xian Tao, Mr. Li Tian Hai and Ms. Wong Wai Ling shall retire at the forthcoming annual general meeting of the Company.

In accordance with Article 108(a) of the Company's Articles of Association, Mr. Zhang Zhixiang and Ms. Hu Xiaolin shall retire by rotation at the forthcoming annual general meeting of the Company.

All the retiring Directors, being eligible, offer themselves for re-election at the said annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Zhang Zhixiang and Mr. Ning Zhongzhi being the executive Directors, has entered into a service agreement with the Company for a term of three years from July 2013 and for a term of one year from January 2016 respectively, subject to the termination provisions therein. The Company has entered into a service agreement with each of Mr. Zheng Xian Tao and Mr. Li Tian Hai, both executive Directors, for a term of three years commencing from 14 July 2015, subject to the termination provisions therein.

Each of Ms. Hu Xiaolin, Ms. Wong Wai Ling and Mr. Qu Weidong being independent non-executive Directors, has entered into a service agreement with the Company for a term of two years from May 2015, May 2014 and May 2015 respectively, which is determinable by either party by giving one month's written notice.

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

CONFIRMATION OF INDEPENDENCE

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

SHARE OPTIONS SCHEME

Termination of the Existing Share Option Scheme

Pursuant to a written resolution passed by the Shareholders on 17 May 2006, the Company adopted the existing share option scheme (the "Existing Scheme"), which was due to expire on 16 May 2016. Under the Existing Scheme, the Board may offer options to the eligible persons prescribed in the Existing Scheme in its absolute discretion. As at 31 December 2015, no option has been granted under the Existing Scheme and no option has been exercised, cancelled, lapsed or outstanding.

Under the terms of the Existing Scheme, the Board may by resolution in general meeting at any time terminate the operation of the Existing Scheme. On 1 June 2015, the Shareholders passed an ordinary resolution to terminate the Existing Scheme conditional upon a new share option scheme adopted by the shareholders of the Company on 1 June 2015 (the "New Scheme") becoming unconditional with effect from the adoption of the New Scheme provided that any options granted under the Existing Scheme prior to the date of its termination shall continue to be valid and exercisable in accordance with the Existing Scheme and the provision of the Existing Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of such options.

New Share Option Scheme

Pursuant to an ordinary resolution passed by the Shareholders on 1 June 2015, the New Scheme was adopted to provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future. The New Scheme also provides appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group. The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group and to promote the success of the business of the Group.

The New Scheme shall be valid for 10 years from 1 June 2015 and the Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance criteria to be satisfied before such options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the subscription price (subject to the Listing Rules) in respect of any option. The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the options have to be held, the performance targets, the subscription price and other conditions (if any) that have to be achieved before the options can be exercised, will place the Group in a better position to attract and retain human resources that are valuable to the growth and development of the Group as a whole.

The Board may, at its absolute discretion, invite any person belonging to any of the following classes of persons of any member of the Group to be a participant of the New Scheme and to take up an option to subscribe for shares of the Company: (a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any substantial shareholder of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board.

An option is personal and shall not be assignable and in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of third party over or in relation to any option. For the avoidance of doubt, the grant of any options by the Company for the subscription of shares of the Company or any other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of option under the New Scheme.

An offer for the grant of options shall remain open for acceptance for a period of 7 days from the date of offer. An offer shall be deemed to have been accepted and an option to which the offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the Board may from time to time determine signifying acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company within 28 days from the date of offer.

The subscription price shall be a price determined solely by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the offer; and (iii) the nominal value of a Share on the date of the offer.

The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the New Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

On the basis of 1,249,404,000 shares of the Company in issue as at the date of approval of the New Scheme by the shareholders of the Company on 1 June 2015, the maximum number of shares to be issued upon the exercise of options that may be granted under the New Scheme and any other schemes of the Company will be 124,940,400 shares, being 10% of the issued share capital of the Company as at 1 June 2015.

During the year ended 31 December 2015, a total of 124,920,000 options were granted on 31 July 2015 under the terms of the New Scheme, of which 4,620,000 options were granted to each of Mr. Li Baosheng (former Chairman and executive Director who resigned from both positions on 6 November 2015), Mr. Zhang Zhixiang (executive Director), Mr. Ning Zhongzhi (executive Director) and Mr. Zheng Xian Tao (executive Director) at the exercise price of HKD1.07 per share. Details of the options granted under the New Scheme are set out in the announcement of the Company dated 31 July 2015.

As at the date of this report, the total number of outstanding options available for grant under the New Scheme was 20,400 shares, which represented 0.0014% of the issued share capital of the Company.

The status of share options granted up to 31 December 2015 is as follows:

Name and category of participant	Number of unlisted share options: As at 1 January 2015	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	As at 31 December 2015	Grant date	Exercise period	Exercise price per share	Price per share at grant date
Directors									
Zhang Zhixiang	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Ning Zhongzhi	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Zheng Xian Tao	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Li Baosheng#	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Other employees									
In aggregate	—	31,500,000	—	—	31,500,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Other grantees									
In aggregate	—	74,940,000	—	—	74,940,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
TOTAL	**—**	**124,920,000**	**—**	**—**	**124,920,000**				

Resigned as the chairman of the Board of Directors and an executive Director of the Company on 6 November 2015.

The details of the model and significant assumptions used to estimate the fair value of the share options granted by the Company to the eligible participants during the period are set out in note 27 to the financial statements of the Company.

No option has been exercised from the date of grant of the Share Option up to 31 December 2015.

Particulars of the New Scheme are set out in note 27 to the consolidated financial statements.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

MATERIAL CONTRACTS

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

DISCLOSURE OF INTEREST

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

As at 31 December 2015, save as disclosed below, none of the Directors or chief executive had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, 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	*(Note 1)*	Interest of controlled corporation	20.60%
	4,620,000	*(Note 2)*	Beneficial owner	0.31%
Ning Zhongzhi	4,620,000	*(Note 2)*	Beneficial Owner	0.31%
Zheng Xian Tao	4,620,000	*(Note 2)*	Beneficial Owner	0.31%

Note:

1. Mr. Zhang Zhixiang is the beneficial owner of 100%, of the issued shares of Diamond Era Holdings Limited ("Diamond Era"). As at 31 December 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.

2. Share options granted under the New Scheme on 31 July 2015 exercisable until 30 July 2018.

(b) Interests of substantial Shareholders and other persons

As at 31 December 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	Approximate percentage of shareholdings
Diamond Era *(Note)*	308,867,000	Beneficial owner	20.60%

Note:

As at 31 December 2015, Diamond Era was interested in 308,867,000 Shares. Diamond Era is 100% owned by Mr. Zhang Zhixiang, an executive Director.

CONNECTED TRANSACTIONS

Save as otherwise disclosed in this report, all the related party transactions in 2015 as disclosed in note 33 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with the relevant reporting, announcement or independent shareholders' approval requirements. The related party under category (a) of note 33 is not a connected person (as defined under the Listing Rules). The Company confirms that it has complies with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MAJOR CUSTOMERS AND SUPPLIERS

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

— the largest customer	89%
— five largest customers	96%
— the largest supplier	42%
— five largest suppliers	65%

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

BANK LOANS

Particulars of bank loans are set out in note 25 to the consolidated financial statements.

PERMITTED INDEMNITY

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

EMOLUMENT POLICY

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

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

The Company has adopted share option schemes as an incentive to Directors and eligible employees. Details of the share option scheme are set out in note 27 to the consolidated financial statements and the paragraph headed "Share Options" in this Directors' Report.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

ACQUISITIONS AND DISPOSAL

(1) 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 dispose of, and the Company conditionally agreed to purchase the entire ownership interest in Hong Song Holdings Limited which indirectly held approximately 1.65% of the ownership interest of Hongsong at the total consideration of HKD39,600,000.

Upon the completion of the aforesaid acquisition of the entire ownership interest in Hong Song Holdings Limited, the Company obtained approximately 69.95% ownership interest in Hongsong, and the aggregate control of registered capital in Hongsong held by the Group has increased to approximately 86.55%.

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

(2) Disposal of interest in Beichen Power Grid

On 14 April 2015 (after trading hours), Chengde Ruifeng Renewable Energy Windpower Company Limited ("Ruifeng Windpower") (an indirect wholly-owned subsidiary of the Company) 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 an exclusive technical consultation agreement at the consideration of RMB100,100,000 (the "Assignment"). The Assignee was an independent investor who was 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.

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

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

(3) Acquisition of World Business Limited

On 17 August 2015 (after trading hours), City Alliance Management Limited (formerly known as City Alliance Limited) ("City Alliance"), a wholly-owned subsidiary of the Company, entered into an 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 agreed to purchase and Mr. Chen Min agreed to sell 100% of the ownership interest in World Business Limited. Upon completion of the aforesaid acquisition, World Business Limited would become a wholly-owned subsidiary of the Company. The consideration of the acquisition was HKD11,374,945, which was funded by the internal resources of the Group.

The consideration was arrived at after arm's length negotiations between City Alliance and Mr. Chen Min with reference to the unaudited total asset of World Business Limited as at 30 June 2015 as well as the total investment made by World Business Limited to Shenzhen Qianhai Jiefeng Financing and Leasing Limited（深圳前海捷豐融資租賃有限公司）amounting to USD1,342,440.50.

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a renewable energy corporation, the Company attaches great importance to environmental protection and incorporates relevant strategies and measures in every aspect of its business. It also implements sustainable initiatives in areas such as energy saving and carbon reduction into its wind farm development and daily operations. In 2015, the Company has generated 683 million kwh green electricity, saving 275,932 tons of coal and reducing 536,155 tons of carbon dioxide. Meanwhile, the Company will keep exploring the wind farm development opportunities to continuously generate the green electricity with zero carbon emission.

With the green ideas integrated into the governance, operation and daily management of the Company, we shall continue to improve our carbon emission management system, reducing the effects of construction works on the surrounding natural, cultural and social environments and encouraging our employees to practice 'green office'. We have achieved a green and efficient operation for the Company by starting with details and pay attention to every little steps by promoting the use of electronic corporate communication instead of printed materials, which further reduced the paper consumption to save resources.

In 2015, there were no fines or prosecutions arising from environmental-related regulatory non-compliances for any of our assets in mainland China and Hong Kong over which we had operational control.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board pays attention to the Company's policies and practices on compliance with legal and regulatory requirements in both the PRC and in Hong Kong. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable legal framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the year ended 31 December 2015 and up to the date of this report, there is no material non-compliance with the relevant prevailing laws and regulation in the PRC and in Hong Kong by the Company.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The employees, suppliers and customers of the Company play an important role in the Company's development and on which the Company's success depends. The Company provides competitive remuneration packages to attract and motivate the employees. The Group regularly reviews the remuneration packages of employees and makes necessary adjustments to conform with the market standard. As the Company's success largely depends on the demand of electricity from the National Grid, the Company shall continue to maintain good relationship with National Grid.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD

a) On 28 January 2016, the Company announced that it proposed to raise between approximately HKD224.9 million and approximately HKD243.6 million, before expenses, by issuing not less than 299,856,800 offer shares and not more than 324,840,800 offer shares to the qualifying Shareholders at a subscription price of HKD0.75 per offer share under an open offer on the basis of one offer share for every five existing shares of the Company held on 16 March 2016.

   Details of the proposed open offer are set out in the announcements of the Company dated 28 January 2016 and 9 March 2016.

b) On 25 February 2016, in an extraordinary general meeting, the shareholders of the Company approved the following:

   (i) to grant the general mandate granted to the directors of the Company to allot, issue and deal with additional shares in the share capital of the Company, representing up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue; and

   (ii) the authorised share capital of the Company to be increased from HKD20,000,000 divided into 2,000,000,000 shares to HKD100,000,000 divided into 10,000,000,000 shares by the creation of an additional 8,000,000,000 shares.

c) On 23 November 2015, Zhuhai Dong Fang Renewable Energy Limited, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire 100% ownership interest in Beijing Yin Feng Hui Li Investment Limited ("Beijing Yin Feng"), at a total consideration of RMB10,000,000. Beijing Yin Feng is an investment holding company with a registered capital of RMB10,000,000 and was established in PRC. The acquisition was completed on 18 March 2016.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

AUDITORS

The accounts for the years ended 31 December 2013, 2014 and 2015 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zhang Zhixiang
Executive Director & Chief Executive Officier

Hong Kong

29 March 2016

CORPORATE GOVERNANCE

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

Corporate Governance Code

For the year ended 31 December 2015, the Company has adopted and complied with the code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "Code") in Appendix 14 to the Listing Rules, except for the deviation from Code Provisions A.6.7 as described below:

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

Mr. Qu Weidong (an independent non-executive Director) and Ms. Hu Xiaolin (an independent non-executive Director) did not attend the general meeting held in the year ended 31 December 2015 because they were out of town for other businesses.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. The Company had made specific enquiries with all the Directors and all the Directors confirmed that they had complied with the practice as contained in the Model Code and the aforesaid code of conduct adopted by the Company for the year ended 31 December 2015.

Senior management and those staff who are more likely to be in possession of unpublished price-sensitive information, inside information or other relevant information in relation to the Group have adopted rules based on the Model Code. These senior management and staff have been individually notified and advised about the Model Code by the Company. No incident of non-compliance of the Model Code by relevant senior management members was noted by the Company during the year ended 31 December 2015.

THE BOARD OF DIRECTORS

Board Responsibility and Delegation

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

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

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

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

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

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

COMPOSITION AND APPOINTMENT

Composition

As at the date of this report, the Board comprises seven Directors, of whom four are executive Directors and three are independent non-executive Directors. The composition of the Board during the year ended 31 December 2015 and up to the date of this report is as follows:

Executive Directors

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)*
Mr. Li Baosheng *(resigned as the Chairman and an executive Director on 6 November 2015)*

Independent Non-executive Directors

Ms. Wong Wai Ling
Mr. Qu Weidong
Ms. Hu Xiaolin

The term of appointment of the independent non-executive Directors is 2 years.

The details of the biographies of the existing Directors are set out in the section headed "Biographies of Directors and Senior Management" on page 26 to page 29 of this report.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, during the year ended 31 December 2015, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents at least one-third of the Board, among the three independent non-executive Directors, Ms. Wong Wai Ling, possesses appropriate professional qualification in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Board considers that the independent non-executive Directors are all independent persons with appropriate qualifications or expertise and the Company has complied with the relevant requirements of the Listing Rules.

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

Under Code Provision A.4.3, if an independent non-executive Director serves more than 9 years, his/her further appointment should be subject to a separate resolution to be approved by the Shareholders. As such, although Ms. Wong has been serving as an independent non-executive director of the Company for more than nine years, the Board considers that Ms. Wong is a person of integrity and independent in judgement and character. She is independent of management and free from any business or other relationships or circumstances which could materially interfere with the exercise of her independent judgement. The Board considers that Ms. Wong meets the independent guidelines set out in Rule 3.13 of the Listing Rules, and is of the view that her independence is not affected by her long service with the Company. Hence, the Board considered Ms. Wong as independent and should be re-elected at the AGM.

As at 31 December 2015, Mr. Zhang Zhixiang holds 100% of the issued share capital of Diamond Era Holdings Limited ("Diamond Era"), which is a substantial shareholder of the Company holding approximately 20.60% of the issued share capital of the Company.

In addition to the above, Mr. Zhang Zhixiang also became interested in 4,620,000 shares of the Company (approximately 0.31% of the issued share capital of the Company) by way of share options on 31 July 2015, resulting in Mr. Zhang Zhixiang's total interests in the Company 20.91% of the issued share capital of the Company.

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

Board meetings

The Board has supervised and controlled the Company's affairs effectively, and relevant decisions were made in the Company's best interests. For the year ended 31 December 2015, the Board had held 18 Board meetings to consider (of which included) the Company's transactions, financial affairs and other matters under the articles of associations to carry out its duties. The Board has adopted a telephone-conference system to raise the attendance rates, the average rate of attendance was between 89% and 100%.

For the year ended 31 December 2015, the Board has complied the following statistics:

Director's name	Attendance rate for Board meetings and general meetings *(Note 1)*			
	Attendance/ Number of Board meetings held	Percentage (%)	Attendance/ Number of general meetings held	Percentage (%)
Executive Directors				
Mr. Zhang Zhixiang *(Chief Executive Officer)*	18/18	100	1/1	100
Mr. Ning Zhongzhi	18/18	100	0/1	0
Mr. Zheng Xian Tao *(appointed on 14 July 2015)*	12/12	100	N/A	N/A
Mr. Li Tian Hai *(appointed on 14 July 2015)*	12/12	100	N/A	N/A
Mr. Li Baosheng *(resigned as the Chairman and an executive Director on 6 November 2015)*	13/13	100	0/1	0
Independent non-executive Directors				
Ms. Wong Wai Ling	18/18	100	1/1	100
Mr. Qu Weidong	16/18	89	0/1	0
Ms. Hu Xiaolin	17/18	94	0/1	0

Note:

1. By reference to the number of meetings held during his/her tenure.

PROCEDURES OF BOARD MEETINGS

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

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

INDUCTION AND PROFESSIONAL DEVELOPMENT

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

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

According to the records provided by the Directors, a summary of training received by the Directors since 1 January 2015 up to 31 December 2015 is as follows:

Director's name	**Reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements/attending briefing sessions**
Executive Directors	
Mr. Zhang Zhixiang *(Chief Executive Officer)*	✓
Mr. Ning Zhongzhi	✓
Mr. Zheng Xian Tao *(appointed on 14 July 2015)*	✓
Mr. Li Tian Hai *(appointed on 14 July 2015)*	✓
Mr. Li Baosheng *(resigned as the Chairman and an executive Director on 6 November 2015)*	✓
Independent non-executive Directors	
Ms. Wong Wai Ling	✓
Mr. Qu Weidong	✓
Ms. Hu Xiaolin	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year, the positions of the Chairman and the Chief Executive Officer were held separately by different individuals. The Chairman was Mr. Li Baosheng until 6 November 2015 when he resigned from his position as the Chairman and an executive Director of the Company. After Mr. Li Baosheng's resignation, no Chairman has been appointed and up to the date of this report, the Company has not had a Chairman since 6 November 2015. On the other hand, Mr. Zhang Zhixiang has been the Chief Executive Officer throughout the year.

The Chairman was responsible for providing leadership to, and overseeing, the functioning of the Board and seeking to ensure that all Directors are properly briefed on issues arising at Board meetings and that they receive, in a timely manner, adequate and reliable information. The Chief Executive Officer is responsible for managing the daily operations of the Group and leading the management team to implement strategies and objectives adopted by the Board. Their respective responsibilities are clearly established and are different.

AUDITOR'S REMUNERATION

During the year, the amount of fee paid or payable to the auditors of the Group was as follows:

Type of service	Auditors HLB Hodgson Impey Cheng Limited
Audit services	HKD1,150,000

No non-audit services has been provided by the auditors to the Group.

ACCOUNTABILITIES AND AUDIT

The Directors understand their responsibility to prepare the Group's financial statements according to relevant legal provisions and the Hong Kong GAAP to ensure that the financial reports present a true and fair view of the Group's financial conditions. In the preparation of the Group's financial reports for the year ended 31 December 2015, the Directors had adopted and implemented the appropriate accounting policies, made prudent and reasonable judgments and projections and prepared the financial statements on a going concern basis.

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

The auditors' responsibilities are set out in the Independent Auditors' Report on pages 58 to 59 of this report.

The accounts for the year ended 31 December 2015 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. The audit committee of the Board (the "Audit Committee") has recommended to the Board that HLB Hodgson Impey Cheng Limited be re-appointed as the auditors of the Company at the forthcoming annual general meeting.

Through the Audit Committee, the Board has reviewed the effectiveness of the internal control system in respect of finance, operations and compliance of the Company and its subsidiaries. The Audit Committee considers that the Group has established all necessary mechanisms. The above control mechanism has ensured compliance in respect of the Group's operations. The Board considers that the Company has complied with the provisions on internal control of the Code.

AUDIT COMMITTEE

During the year, the Audit Committee comprised all of the three independent non-executive Directors, namely Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin, and Ms. Wong Wai Ling is the chairman of the Audit Committee.

The primary responsibilities of the Audit Committee include, inter alia, making recommendations to the Board on the appointment, reappointment and removal of external auditor, reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, developing and implementing policy on the engagement of an external auditor to supply non-audit services and monitoring integrity of financial statements of the Company and the Company's report and accounts, interim report and significant financial reporting judgments contained in them. The terms of reference of the Audit Committee are available on the website of the Stock Exchange and the Company.

The audit committee has held 3 meetings during the year. The attendance rates of the members of the audit committee are as follows:

	Attendance rate for Audit Committee meetings		
Name of member	**Attendance/ Number of meetings**	**Percentage (%)**	**Title**
Ms. Wong Wai Ling *(chairman of the Audit Committee)*	3/3	100	Independent non-executive Director
Mr. Qu Weidong	3/3	100	Independent non-executive Director
Ms. Hu Xiaolin	3/3	100	Independent non-executive Director

The Audit Committee has reviewed the audit performance, the internal controls and risk management and the interim and audited accounts for the year ended 31 December 2015. In performing its duties, the Audit Committee has overseen the Company's relationship with the auditors, the nature and scope of the audit, reviewed of the process by which the Company evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It also reported to the Board on the proceedings and deliberations of the Audit Committee. The Audit Committee has also reviewed this report and confirmed that it is complete and accurate and complies with the Listing Rules.

REMUNERATION COMMITTEE

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

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

The Remuneration Committee held 4 meetings during the year, at which the Remuneration Committee reviewed, discussed and determined the remuneration policy and the remuneration of the Directors and the senior management during the year. The attendances of the meetings of the Remuneration Committee are as follows:

	Attendance rate for Remuneration Committee meetings		
Name of member	**Attendance/ Number of meetings**	**Percentage (%)**	**Title**
Ms. Hu Xiaolin *(chairman of the Remuneration Committee)*	4/4	100	Independent non-executive Director
Mr. Zhang Zhixiang	4/4	100	Executive Director and Chief Executive Officer
Ms. Wong Wai Ling	4/4	100	Independent non-executive Director
Mr. Qu Weidong	4/4	100	Independent non-executive Director

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Group paid or accrued total Directors' remuneration amounted to approximately RMB1,994,000, RMB2,441,000, RMB1,426,000, RMB1,301,000, RMB468,000, RMB98,000, RMB81,000 and RMB81,000 for Mr. Li Baosheng, Mr. Zhang Zhixiang, Mr. Ning Zhongzhi, Mr. Zheng Xian Tao, Mr. Li Tian Hai, Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin respectively, for the year ended 31 December 2015.

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. As at 31 December 2015, there was no arrangement in which the Directors waived their remuneration.

Senior management's remuneration payment of the Group in the year ended 31 December 2015 falls within the following bands:

	Number of Individuals
RMB500,000 or below	4
RMB500,001 to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	1

NOMINATION COMMITTEE

During the year up until 6 November 2015, the nomination committee of the Board (the "Nomination Committee") comprised five members, with Mr. Li Baosheng (the Chairman and an executive Director) being the chairman of the Nomination Committee, and Mr. Zhang Zhixiang (Chief Executive Officer and an executive Director), Ms. Wong Wai Ling (an independent non-executive Director), Mr. Qu Weidong (an independent non-executive Director) and Ms. Hu Xiaolin (an independent non-executive Director) being members of the Nomination Committee.

On 6 November 2015, the number of members of the Nomination Committee reduced to four members following the resignation of Mr. Li Baosheng. During the year since 6 November 2015, the Nomination Committee comprised one executive Director/Chief Executive Officer, namely Mr. Zhang Zhixiang and three independent non-executive Directors namely, Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin. Mr. Qu Weidong currently serves as the chairman of the Nomination Committee.

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

The Nomination Committee held 2 meetings during the year. The attendances of the meeting of the Nomination Committee are as follows:

	Attendance rate for Nomination Committee meetings		
Name of member	Attendance/ Number of meetings	Percentage (%)	Title
Mr. Qu Weidong *(chairman of the Nomination Committee since 6 November 2015)*	1/1	100	Independent non-executive Director
Mr. Li Baosheng *(resigned as the chairman and a member of the Nomination Committee on 6 November 2015)*	1/1	100	Executive Director and Chairman
Mr. Zhang Zhixiang	2/2	100	Executive Director and Chief Executive Officer
Ms. Wong Wai Ling	2/2	100	Independent non-executive Director
Ms. Hu Xiaolin	2/2	100	Independent non-executive Director

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

COMPANY SECRETARY

Mr. Ng Ki Man, has been appointed as the company secretary of the Company (the "Company Secretary") with effect from 4 September 2015. The Company Secretary reports directly to the Board. All the Directors have easy access to the Company Secretary and responsibility of the Company Secretary is to ensure the Board meetings are properly held and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advices with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of disclosable transactions, connected transactions and inside information.

The Company Secretary shall provide advice to the Board with respect to strict compliance with the laws, requirements and the Company's articles of association at appropriate times. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance code so as to bring the best long term value to shareholders. In addition, the Company Secretary also provides relevant information updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company at appropriate times. The Company Secretary is also responsible for supervising and managing the Group's investors relationship.

The Company Secretary has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements.

INVESTORS RELATIONSHIP

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

During the year, the Company did not make any significant changes to its memorandum and articles of association.

COMMUNICATION WITH SHAREHOLDERS

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

Procedures for directing Shareholders' enquiries to the Board

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

China Ruifeng Renewable Energy Holdings Limited
Room 4306-07, 43/F., China Resources Building,
No. 26 Harbour Road, Wanchai,
Hong Kong
Email: ir@c-ruifeng.com
Tel No.: +852 2598 5188
Fax No.: +852 2598 5288

Procedures for putting forward proposals at general meetings by Shareholders

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

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

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

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

We have audited the consolidated financial statements of China Ruifeng Renewable Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 155, which comprise the consolidated statements of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 29 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	**2015** **RMB'000**	2014 RMB'000
Continuing operations			
Revenue	4	**314,733**	405,261
Cost of sales		**(193,631)**	(207,394)
Gross profit		**121,102**	197,867
Other revenue and net income	5	**35,040**	26,288
Distribution costs		**(785)**	(1,053)
Administrative expenses		**(80,211)**	(35,068)
Other operating expenses		**—**	(787)
Profit from operations		**75,146**	187,247
Finance costs	6(i)(a)	**(109,034)**	(124,087)
Share of profits less losses of an associate		**2**	(81)
(Loss)/Profit before taxation	6	**(33,886)**	63,079
Income tax	7	**(12,060)**	(17,784)
(Loss)/Profit for the year from continuing operations		**(45,946)**	45,295
Discontinued operation			
Loss for the year from discontinued operation	12	**(26,482)**	(134,044)
Loss for the year		**(72,428)**	(88,749)
Attributable to:			
Equity shareholders of the Company		**(84,449)**	(150,827)
Non-controlling interests		**12,021**	62,078
Loss for the year		**(72,428)**	(88,749)
Loss per share attributable to the owners of the Company during the year			
Basic and diluted			
— Continuing operations (RMB)	10	**(0.042)**	(0.016)
— Discontinued operation (RMB)	10	**(0.019)**	(0.123)
		(0.061)	(0.139)

The notes on pages 67 to 155 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Loss for the year	**(72,428)**	(88,749)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the PRC	**1,238**	(142)
Other comprehensive income for the year (net of tax)	**1,238**	(142)
Total comprehensive income for the year	**(71,190)**	(88,891)
Total comprehensive income attributable to:		
Equity shareholders of the Company	**(83,211)**	(150,969)
Non-controlling interests	**12,021**	62,078
Total comprehensive income for the year	**(71,190)**	(88,891)

Details of the dividends for the year are disclosed in note 11 to the consolidated financial statements.

The notes on pages 67 to 155 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	14	**2,234,488**	2,224,346
Lease prepayments	15	**16,769**	14,029
Interest in an associate	17	**9,855**	—
Available-for-sale investments	18	**6,229**	6,229
		2,267,341	2,244,604
Current assets			
Trade and other receivables	19	**392,924**	461,639
Lease prepayments	15	**507**	447
Pledged bank deposits	21	**—**	8,919
Tax recoverable	28(a)	**—**	7,356
Cash and cash equivalents	22	**143,747**	175,599
		537,178	653,960
Current liabilities			
Trade and other payables	23	**96,873**	173,599
Borrowings	24	**357,890**	461,496
Current taxation	28(a)	**4,592**	6,885
		459,355	641,980
Net current assets		**77,823**	11,980
Total assets less current liabilities		**2,345,164**	2,256,584
Non-current liabilities			
Other payables	23	**—**	114,908
Borrowings	24	**1,591,189**	1,455,722
Deferred tax liabilities	28(b)	**41,944**	45,573
		1,633,133	1,616,203
Net assets		**712,031**	640,381

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Capital and reserves	29		
Share capital		**13,182**	11,180
Reserves		**454,111**	381,915
Total equity attributable to equity shareholders of the Company		**467,293**	393,095
Non-controlling interests		**244,738**	247,286
Total equity		**712,031**	640,381

Approved and authorised for issue by the board of Directors on 29 March 2016.

Zhang Zhixiang
Director

Ning Zhongzhi
Director

The notes on pages 67 to 155 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

		Attributable to equity shareholders of the Company								
		Share capital	Share premium	Statutory reserves	Translation reserve	Share-based payment reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014		9,476	944,396	9,424	(12,022)	–	(568,224)	383,050	505,516	888,566
Changes in equity for 2014:										
Transfer to statutory reserves		–	–	9,671	–	–	(9,671)	–	–	–
Conversion of the convertible bonds	*24*	60	10,898	–	–	–	–	10,958	–	10,958
Issue of shares upon placing	*29*	1,644	161,837	–	–	–	–	163,481	–	163,481
Acquisition of subsidiaries	*31(a)*	–	–	–	–	–	–	–	12,492	12,492
Acquisition of non-controlling interests		–	–	–	–	–	(13,425)	(13,425)	(257,726)	(271,151)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(75,074)	(75,074)
Total comprehensive income for the year		–	–	–	(142)	–	(150,827)	(150,969)	62,078	(88,891)
Balance at 31 December 2014 and 1 January 2015		11,180	1,117,131	19,095	(12,164)	–	(742,147)	393,095	247,286	640,381
Changes in equity for 2015:										
Transfer to statutory reserves		–	–	6,964	–	–	(6,964)	–	–	–
Issue of shares upon placing	*29*	2,002	157,215	–	–	–	–	159,217	–	159,217
Disposal of a subsidiary		–	–	(6,711)	–	–	6,711	–	–	–
Equity settled share-based transactions		–	–	–	–	21,147	–	21,147	1,504	22,651
Acquisition of non-controlling interests	*31(b), (d)*	–	–	–	–	–	(22,711)	(22,711)	(20,917)	(43,628)
Deemed disposal of interest in a subsidiary		–	–	–	–	–	(314)	(314)	314	–
Contribution by non-controlling interest		–	–	–	–	–	70	70	4,530	4,600
Total comprehensive income for the year		–	–	–	1,238	–	(84,449)	(83,211)	12,021	(71,190)
Balance at 31 December 2015		**13,182**	**1,274,346**	**19,348**	**(10,926)**	**21,147**	**(849,804)**	**467,293**	**244,738**	**712,031**

The notes on pages 67 to 155 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
(Loss)/Profit before taxation including discontinued operation			
— continuing operations		**(33,886)**	63,079
— discontinued operation		**(26,482)**	(131,210)
Adjustments for:			
Depreciation		**159,924**	164,971
Loss/(Gain) on disposal of property, plant and equipment		**105**	(67)
Gain on disposal of a subsidiary		**(453)**	—
Impairment losses on trade and other receivables		**28,746**	47,665
Impairment losses on inventories		**—**	333
Reversal of impairment losses on trade and other receivables		**(16,455)**	—
Amortisation of lease prepayments		**667**	447
Interest income		**(4,321)**	(1,645)
Share of profits less losses of an associate		**(2)**	81
Interest expenses		**116,404**	137,761
Equity settled share-based payment expenses		**10,955**	—
Fair value gain on derivative financial instruments		**—**	(2,955)
Loss on redemption of convertible bonds		**—**	787
Operating profit before changes in working capital		**235,202**	279,247
Decrease in inventories		**—**	756
(Increase)/Decrease in trade and other receivables		**(243,781)**	102,567
Increase in amount due from non-controlling interest		**(1,720)**	—
Increase/(Decrease) in trade and other payables		**9,090**	(181,035)
(Decrease)/Increase in amounts due to Directors		**(18,324)**	6,095
Decrease in amount due to an associate		**—**	(34,921)
Cash (used in)/generated from operations		**(19,533)**	172,709
PRC Enterprise Income Tax paid		**(3,842)**	(19,324)
Interest paid		**(109,656)**	(128,066)
Net cash (used in)/generated from operating activities		**(133,031)**	25,319

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Investing activities			
Payments for the purchase of property, plant and equipment		**(188,050)**	(42,967)
Payments for the purchase of lease prepayments		**(3,467)**	—
Payments for the acquisition of available-for-sale investments		**—**	(6,229)
Cash inflow from disposal of a subsidiary		**76,545**	—
Cash outflows from acquisition of subsidiaries		**(40,836)**	(263,119)
Interest received		**2,585**	1,645
Proceeds from disposal of property, plant and equipment		**70**	481
(Increase)/Decrease in loan receivables		**(81,186)**	39,720
Net cash used in investing activities		**(234,339)**	(270,469)
Financing activities			
Proceeds from new bank and other loans		**467,257**	481,531
Proceeds from issue of bonds		**66,736**	26,670
Proceeds from issue of shares upon placing		**159,217**	163,481
Repayment of bank and other loans		**(367,873)**	(294,589)
Repayment of convertible bonds		**—**	(12,889)
Payments for acquisition of non-controlling interests		**(11,765)**	—
Contribution by non-controlling interest		**4,600**	—
Dividend paid to non-controlling interests		**—**	(75,074)
Decrease/(Increase) in pledged bank deposits		**840**	(8,218)
Net cash generated from financing activities		**319,012**	280,912
Net (decrease)/increase in cash and cash equivalents		**(48,358)**	35,762
Cash and cash equivalents at 1 January		**175,599**	135,015
Effect of foreign exchange rate changes		**16,506**	4,822
Cash and cash equivalents at 31 December	22	**143,747**	175,599

The notes on pages 67 to 155 form part of these financial statements.

1 GENERAL INFORMATION

China Ruifeng Renewable Energy Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 June 2006. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Company information" in this report.

The Company acts as an investment holding company. The activities of the Company's principal subsidiaries are set out in note 16. During the year ended 31 December 2015, the Group discontinued the construction contracts upon disposal of Hebei Beichen Power Grid Construction Co., Ltd. ("Beichen Power Grid") which is disclosed in note 12.

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance ("CO"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). A summary of significant accounting policies adopted by the Group is set out below.

The provision of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Statement of compliance *(continued)*

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

Certain comparative amounts have been reclassified to conform with current year's presentation as the Group has changed the composition of its reportable segments. There is only one operating segment from continuing operations being presented during the year ended 31 December 2015 as the Group was focusing on its wind power generation business and there were no results attributable to the segment of processing of wind turbine blades. Accordingly, segment information of processing of wind turbine blades for the year ended 31 December 2015 has not been presented.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the financial instruments classified as available-for-sale are stated (see note 2(f)) at their fair value as explained in the accounting policies set out below.

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 34.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Subsidiaries and non-controlling interests *(continued)*

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

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

(d) Associates

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Associates *(continued)*

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

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

(e) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

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

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

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

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

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(u)(iv) and 2(u)(v).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see note 2(k)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted market price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(u)(iv) and 2(u)(v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised or derecognised on the date the Group commits to purchase or sell the investments or they expire.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Property, plant and equipment

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

— buildings held for own use which are situated on leasehold land classified as held under operating leases (see note 2(j)); and

— other items of plant and equipment.

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

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

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

	Useful lives	**Residual value**
— Buildings	18-30 years	5% to 10%
— Leasehold improvement	5 years	—
— Plant and machinery	5-10 years	5% to 10%
— Generators and related equipment	5-25 years	5%
— Equipment, furniture and fixtures	3-10 years	5% to 10%
— Motor vehicles	5-8 years	5% to 10%

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

(h) Lease prepayments

Lease prepayments represent cost of land use rights paid to the People's Republic of China (the "PRC") Land Bureau. Land use rights are carried at cost less amortisation and impairment losses (see note 2(k)(ii)). Amortisation is charged to profit or loss on a straight line basis over the term of the respective leases.

(i) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The software applications with finite useful lives are amortised from the date they are available for use and their estimated useful lives are ten years. Both the period and method of amortisation are reviewed annually.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Leased assets *(continued)*

Where the group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the group will obtain ownership of the asset, the life of the asset, as set out in note 2(g), Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(k)(ii). Finance charges implicit the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

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

(k) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities and trade and other receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(i) Impairment of investments in equity securities and trade and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For investments in associates accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(i) Impairment of investments in equity securities and trade and other receivables (continued)

— For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

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

— property, plant and equipment;
— lease prepayments;
— intangible assets; and
— investments in subsidiaries in the Company's statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(ii) Impairment of other assets (continued)

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of assets *(continued)*

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, "Interim financial reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

(l) Segment reporting

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(u)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade receivables". Amounts received before the related work is performed are presented as "Advance from customers" under "Trade and other payables".

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(k)(i)).

(o) Borrowings

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

(p) Trade and other payables

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Cash and cash equivalents

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

(r) Employee benefits

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

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

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

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

(ii) Share-based payments

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Employee benefits *(continued)*

(ii) Share-based payments *(continued)*

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets.

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

(iii) Termination benefits

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

(s) Income tax

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax *(continued)*

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

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax *(continued)*

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

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

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

— the same taxable entity; or

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

(t) Provisions and contingent liabilities

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of electricity, goods and processing income

Electricity revenue is recognised when electricity is supplied to the provincial grid companies. Revenue of goods is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Contract revenue

When the outcome of a construction contract can be estimated reliably:

— revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and

— revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iii) Rental income from operating leases

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Revenue recognition *(continued)*

(iv) Dividends

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

(v) Interest income

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

(vi) Government grants

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

(v) Translation of foreign currencies

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) Borrowing costs

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

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

(x) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, *Employee benefit: Defined benefit plans: Employee contributions*
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

These amendments do not have a material impact on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE

The principal activity of the Group is wind power generation. The Group discontinued its power grid construction and consultation business upon disposal of Hebei Beichen Power Grid Construction Co., Ltd. ("Beichen Power Grid") in June 2015, which is further disclosed in note 12.

Revenue represents the sales value of electricity generated from the wind farm supplied to a power grid company (net of value added tax), revenue from construction contracts and consultations and processing income charged to customers. The amount of each significant category of revenue is as follows:

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Sales of electricity	**314,733**	403,227
Processing income	**—**	2,034
	314,733	405,261
Discontinued operation		
Revenue from construction contracts and consultations	**40,881**	125,698
	355,614	530,959

5 OTHER REVENUE AND NET INCOME

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Interest income on financial assets not at fair value through profit or loss	**4,303**	1,598
Government subsidy income related to value added tax refund	**27,354**	18,656
Fair value gain on derivative financial instruments	**—**	2,955
Rental income from operating leases related to		
— plant and machinery	**—**	222
— buildings	**2,806**	2,694
Others	**577**	163
	35,040	26,288
Discontinued operation		
Interest income on financial assets not at fair value through profit or loss	**18**	47
Compensation income on prepayment on acquisition of land use rights	**—**	2,120
Others	**—**	(29)
	18	2,138
	35,058	28,426

6 (LOSS)/PROFIT BEFORE TAXATION

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

		2015	2014
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank and other loans	**100,705**	120,644
	Interest expenses on bonds	**8,321**	489
	Interest expenses on convertible bonds *(note 24)*	**—**	2,949
	Finance charges on obligations under finance lease	**8**	5
	Interest expenses on financial liabilities not at fair value through profit or loss	**109,034**	124,087
(b)	**Staff costs (including Directors' remuneration)[#]:**		
	Contributions to retirement benefit schemes	**2,224**	2,409
	Equity settled share-based payment expenses to staff *(note 27)*	**9,038**	—
	Salaries, wages and other benefits	**31,670**	27,367
		42,932	29,776
(c)	**Other items:**		
	Amortisation of lease prepayments	**667**	447
	Impairment losses:		
	— trade and other receivables (included in administrative expenses) *(note 19)*	**15,307**	—
	— inventories (included in cost of inventories)[#]	**—**	333
	Loss on redemption of convertible bonds[△]	**—**	787
	Depreciation for property, plant and equipment[#]		
	— owned assets	**157,916**	159,999
	— assets held for own use under finance lease	**84**	62
	Net foreign exchange losses	**14,844**	5,707
	Auditors' remuneration		
	— audit services	**949**	879
	Operating lease charges		
	— minimum lease payments in respect of property rentals[#]	**1,469**	1,221
	Cost of inventories[#]	**—**	1,790
	Loss/(Gain) on disposal of property, plant and equipment	**105**	(36)

[#] During the year ended 31 December 2014, cost of inventories includes approximately RMB738,000 relating to staff costs, depreciation, impairment of inventories and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 6(i)(b) for each of these types of expenses.

[△] Included in other operating expenses.

6 (LOSS)/PROFIT BEFORE TAXATION *(continued)*

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

		2015	2014
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank loans	**7,370**	13,674
	Interest expenses on financial liabilities not at fair value through profit or loss	**7,370**	13,674
(b)	**Staff costs (including Directors' remuneration):**		
	Contributions to retirement benefit schemes	**911**	1,637
	Salaries, wages and other benefits	**5,892**	22,778
		6,803	24,415
(c)	**Other items:**		
	Impairment losses on trade and other receivables (included in administrative expenses) *(note 19)*	**13,439**	47,665
	Reversal of impairment losses on trade and other receivables (included in administrative expenses) *(note 19)*	**(16,455)**	—
	Depreciation for property, plant and equipment	**1,924**	4,910
	Operating lease charges		
	— minimum lease payments in respect of property rentals	**117**	292
	Gain on disposal of property, plant and equipment	**—**	(31)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**11,935**	17,950
Under-provision in respect of prior years	**3,745**	1,757
Withholding tax	**—**	1,691
Deferred tax		
Origination and reversal of temporary differences	**(3,620)**	(3,614)
	12,060	17,784
Discontinued operation		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**—**	530
Under-provision in respect of prior years	**—**	369
Deferred tax		
Origination and reversal of temporary differences	**—**	1,935
	—	2,834
	12,060	20,618

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

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

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

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

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries from continuing operations is 25% in 2015 and 2014.

The Law of the PRC Enterprise Income Tax and Implementation Regulation 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.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

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

	2015	2014
	RMB'000	*RMB'000*
Loss before taxation	**(60,368)**	(68,131)
Notional tax on loss before taxation, calculated at the rates applicable to profits in PRC of 25%	**(15,092)**	(17,033)
Tax effect of non-deductible expenses	**28,992**	42,255
Tax effect of non-taxable income	**(901)**	(1,241)
Tax effect of tax loss not recognised	**8,634**	10,179
Tax effect of tax concessions in the PRC	**(9,699)**	(15,680)
Tax effect on withholding tax	**—**	1,691
Under-provision in prior years	**3,746**	2,126
Others	**(3,620)**	(1,679)
Actual tax expense	**12,060**	20,618

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosures of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2015

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note i)*	2015 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors							
Li Baosheng							
(resigned on 6 November 2015)	—	1,140	—	16	1,156	838	1,994
Zhang Zhixiang							
(Chief Executive Officer)	—	1,588	—	15	1,603	838	2,441
Ning Zhongzhi	—	503	—	85	588	838	1,426
Zheng Xian Tao							
(appointed on 14 July 2015)	—	456	—	7	463	838	1,301
Li Tian Hai							
(appointed on 14 July 2015)	—	461	—	7	468	—	468
Independent non-executive Directors							
Wong Wai Ling	97	1	—	—	98	—	98
Qu Weidong	80	1	—	—	81	—	81
Hu Xiaolin	80	1	—	—	81	—	81
	257	4,151	—	130	4,538	3,352	7,890

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

Year ended 31 December 2014

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(note i)*	2014 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors							
Li Baosheng *(Chairman)*	—	1,191	118	33	1,342	—	1,342
Zhang Zhixiang *(Chief Executive Officer)*	—	1,316	—	13	1,329	—	1,329
Ning Zhongzhi	—	501	—	73	574	—	574
Independent non-executive Directors							
Wong Wai Ling	96	1	—	—	97	—	97
Qu Weidong	80	1	—	—	81	—	81
Hu Xiaolin	80	1	—	—	81	—	81
	256	3,011	118	119	3,504	—	3,504

Notes:

(i) These represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(r)(ii) and, in accordance with that policy, includes adjustments to reserve amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share options scheme" in the Directors' report and Note 27.

(ii) There was no arrangement under which a Director waived or agreed to waive any remuneration during the year ended 31 December 2015 (2014: Nil).

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2014: three) were Directors of the Company whose emoluments are disclosed in note 8 above. The aggregate of the emoluments in respect of the remaining one (2014: two) individuals are as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries and other benefits	**493**	1,851
Share-based payments	**838**	—
Retirement scheme contributions	**85**	13
	1,416	1,864

The emoluments of the one (2014: two) individuals with the highest emolument are with the following bands:

	2015	2014
	Number of Individual	*Number of Individuals*
HKD		
Nil – 1,000,000	**—**	—
1,000,001 – 1,500,000	**1**	2

During the year, no emolument or incentive payments were paid to the Directors, the chief executive and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share from continuing operations is based on the loss attributable to ordinary equity shareholders of the Company from continuing operations of approximately RMB57,967,000 (2014: approximately RMB16,783,000).

The calculation of basic loss per share from discontinued operation is based on the loss attributable to ordinary equity shareholders of the Company from discontinued operation of approximately RMB26,482,000 (2014: approximately RMB134,044,000).

The weighted average of approximately 1,374,686,000 ordinary shares (2014: approximately 1,088,996,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**1,249,404**	1,033,772
Effect of conversion of convertible bonds	**—**	6,216
Effect of issue of shares upon placing	**125,282**	49,008
Weighted average number of ordinary shares at 31 December	**1,374,686**	1,088,996

(b) Diluted loss per share

For the year ended 31 December 2015, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those share options are higher than the average market prices of the Company's shares during the year.

For the year ended 31 December 2014, the diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the year ended 31 December 2014.

11 DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2015 (2014: Nil).

12 DISCONTINUED OPERATION

On 30 June 2015, the Group disposed its entire interest in Beichen Power Grid. The results of the power grid construction and consultation business carried out by the Group up to the date of disposal is presented in the consolidated financial statements of the Group as discontinued operation. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the power grid construction and consultation business as a discontinued operation.

	Note	2015 RMB'000	2014 RMB'000
Revenue	4	**40,881**	125,698
Cost of sales		**(55,027)**	(172,768)
Gross loss		**(14,146)**	(47,070)
Other revenue and net income	5	**18**	2,138
Distribution costs		**(279)**	(885)
Administrative expenses		**(5,158)**	(71,719)
Loss from operations		**(19,565)**	(117,536)
Finance costs	6(ii)(a)	**(7,370)**	(13,674)
Loss before taxation	6	**(26,935)**	(131,210)
Income tax	7	**—**	(2,834)
		(26,935)	(134,044)
Gain on disposal of a subsidiary		**453**	—
Loss for the year from discontinued operation		**(26,482)**	(134,044)

13 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 purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments, of which one of the segments was disposed in June 2015. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

— Wind farm operations: this segment uses wind turbines to generate electricity in the People's Republic of China (the "PRC").

Discontinued operation:

— Construction contracts: this segment constructs power grid and wind farm and provides related consultation in the PRC.

(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 bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in an associate. Segment liabilities include trade and other payables and income tax payable attributable to the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the 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 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 share of profits less losses of an associate, Directors' and auditors' remuneration and other head office or corporate administration costs.

13 SEGMENT REPORTING *(continued)*

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

In addition to receiving segment information concerning adjusted EBT, management is provided with segment information concerning revenue (including inter segment), interest income and expense 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 years ended 31 December 2015 and 2014 is set out below.

For the year ended 31 December 2015:

	Continuing operations			Discontinued operation	
	Wind farm operations	Un-allocated	Sub-total	Construction contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	**314,733**	**—**	**314,733**	**40,881**	**355,614**
Reportable segment profit/(loss)	**48,552**	**1,212**	**49,764**	**(26,404)**	**23,360**
Central administrative costs	**—**	**(51,011)**	**(51,011)**	**—**	**(51,011)**
Finance costs	**—**	**(32,717)**	**(32,717)**	**—**	**(32,717)**
Loss before taxation					**(60,368)**
Income tax					**(12,060)**
Loss for the year					**(72,428)**

13 SEGMENT REPORTING *(continued)*

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

For the year ended 31 December 2014:

	Continuing operations				Discontinued operation	
	Wind farm operations	Processing of wind turbine blades	Un-allocated	Sub-total	Construction contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	403,227	2,034	—	405,261	125,698	530,959
Reportable segment profit/(loss)	113,200	(1,559)	2,033	113,674	(131,059)	(17,385)
Central administrative costs	—	—	(16,680)	(16,680)	—	(16,680)
Finance costs	—	—	(34,066)	(34,066)	—	(34,066)
Loss before taxation						(68,131)
Income tax						(20,618)
Loss for the year						(88,749)

13 SEGMENT REPORTING *(continued)*

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

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

For the year ended 31 December 2015:

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Depreciation and amortisation for the year	(157,590)	(1,077)	(158,667)	(1,924)	(160,591)
Impairment losses on trade and other receivables	(9,000)	(6,307)	(15,307)	(13,439)	(28,746)
Reversal of impairment losses on trade and other receivables	—	—	—	16,455	16,455
Interest income	2,886	1,417	4,303	18	4,321
Share of profits less losses of an associate	—	2	2	—	2
Assets	2,625,406	169,258	2,794,664	—	2,794,664
Associate	—	9,855	9,855	—	9,855
Reportable segment assets	2,625,406	179,113	2,804,519	—	2,804,519
Additions to non-current segment assets during the year	191,421	96	191,517	—	191,517
Reportable segment liabilities	(1,577,781)	(514,707)	(2,092,488)	—	(2,092,488)

13 SEGMENT REPORTING *(continued)*

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

For the year ended 31 December 2014:

	Continuing operations				Discontinued operation	
	Wind farm operations	Processing of wind turbine blades	Un-allocated	Sub-total	Construction contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation and amortisation for the year	(159,312)	(843)	(353)	(160,508)	(4,910)	(165,418)
Impairment losses on trade and other receivables	—	—	—	—	(47,665)	(47,665)
Interest income	1,585	2	11	1,598	47	1,645
Share of profits less losses of an associate	—	—	(81)	(81)	—	(81)
Reportable segment assets	2,547,886	6,203	19,872	2,573,961	324,603	2,898,564
Additions to non-current segment assets during the year	41,116	—	418	41,534	2,781	44,315
Reportable segment liabilities	(1,452,483)	(6,242)	(476,828)	(1,935,553)	(322,630)	(2,258,183)

13 SEGMENT REPORTING *(continued)*

(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.

(c) Information about a major customer

For the year ended 31 December 2015, revenue of approximately RMB314,733,000 (2014: approximately RMB403,227,000) was made to a single customer attributable to the wind farm operations segment comprising approximately 89% (2014: approximately 76%) of the total revenue of the Group.

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvement	Generators and related equipment	Plant and machinery	Equipment, furniture and fixtures	Motor vehicles	Construct-ion in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At 1 January 2014	48,456	68	2,030,130	31,756	9,988	8,959	372,403	2,501,760
Acquisition of a subsidiary	—	—	—	—	209	—	—	209
Additions	—	—	7,747	62	2,425	2,091	31,990	44,315
Exchange adjustments	—	—	—	—	16	—	—	16
Transfer	645	—	274,978	—	(169)	—	(275,454)	—
Disposal	—	(68)	(38)	(276)	(207)	(982)	—	(1,571)
At 31 December 2014 and 1 January 2015	49,101	—	2,312,817	31,542	12,262	10,068	128,939	2,544,729
Additions	—	—	506	38	163	249	187,094	188,050
Exchange adjustments	—	—	—	—	48	18	—	66
Transfer	4,981	—	224,720	—	—	—	(229,701)	—
Disposals	—	—	—	(265)	(79)	(95)	—	(439)
Disposal of a subsidiary	(1,902)	—	—	(26,064)	(4,309)	(7,097)	—	(39,372)
At 31 December 2015	52,180	—	2,538,043	5,251	8,085	3,143	86,332	2,693,034
Accumulated depreciation and impairment:								
At 1 January 2014	2,683	13	134,047	12,350	2,152	5,313	—	156,558
Charge for the year	2,365	4	155,684	4,014	1,926	978	—	164,971
Exchange adjustments	—	—	—	—	11	—	—	11
Written back on disposal	—	(17)	(8)	(127)	(220)	(785)	—	(1,157)
At 31 December 2014 and 1 January 2015	5,048	—	289,723	16,237	3,869	5,506	—	320,383
Charge for the year	3,068	—	153,055	1,819	1,312	670	—	159,924
Exchange adjustments	—	—	—	—	32	5	—	37
Written back on disposal	—	—	—	(142)	(69)	(53)	—	(264)
Disposal of a subsidiary	(389)	—	—	(14,815)	(1,540)	(4,790)	—	(21,534)
At 31 December 2015	7,727	—	442,778	3,099	3,604	1,338	—	458,546
Net book value:								
At 31 December 2015	**44,453**	**—**	**2,095,265**	**2,152**	**4,481**	**1,805**	**86,332**	**2,234,488**
At 31 December 2014	44,053	—	2,023,094	15,305	8,393	4,562	128,939	2,224,346

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2015, the Group has pledged its certain property, plant and equipment with carrying values of approximately RMB1,125,958,000 (2014: approximately RMB892,367,000) to secure its bank and other loans (notes 24 and 25).

At the end of the reporting period, the net book value of the motor vehicle held under the finance lease of the Group was approximately RMB285,000 (2014: approximately RMB356,000)

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

15 LEASE PREPAYMENTS

Analysed for reporting purpose as:

	2015	2014
	RMB'000	*RMB'000*
Current assets	**507**	447
Non-current assets	**16,769**	14,029
	17,276	14,476

The Group's lease prepayments represent land use right in the PRC. The amortisation charge for the year is included in administrative expenses in the consolidated statement of profit or loss.

At 31 December 2015, the Group has pledged its lease prepayments with a carrying value of approximately RMB2,369,000 (2014: Nil) to secure it bank loans (note 25).

16 INTEREST IN SUBSIDIARIES

Details of subsidiaries at 31 December 2015 are as follows. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Proportion of ownership interest		Principal activities
				Held by the Company	Held by subsidiaries	
City Alliance Management Limited	BVI	HK	Ordinary share USD1	100%	—	Investment holding
Power Full Group Holdings Limited^ 富力集團控股有限公司	BVI	HK	Ordinary shares USD2	100%	—	Investment holding
Ferson Limited 緯建有限公司	HK	HK	Ordinary share HKD1	—	100%	Inactive
Conway Holdings Limited^ 康威集團有限公司	HK	HK	Ordinary share HKD1	—	100%	Investment holding
Beijing Chengrui Xianghai Renewable Energy Technology Co., Ltd.[1] 北京承瑞翔海新能源科技有限公司	PRC	PRC	Registered capital RMB100,000	—	100%	Investment holding
Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd.[2^] 承德瑞風新能源風電設備有限公司	PRC	PRC	Registered capital RMB30,000,000	—	100%	Processing of wind turbine blades and components
Chengde Beichen High New Technology Co., Ltd.[2^] 承德北辰高新科技有限公司	PRC	PRC	Registered capital RMB46,900,000	—	100%	Investment holding
Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd.[2^] 克什克騰旗朗誠瑞風電力發展有限公司	PRC	PRC	Registered capital RMB92,000,000	—	67.42%	Wind farm operation

16 INTEREST IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Principal activities
Leading Win Resources Limited 領達資源有限公司	BVI	HK	Ordinary share USD1	100%	—	Investment holding
Fortune View Alliance Limited^	BVI	HK	Ordinary share USD1	100%	—	Investment holding
Team Mega Limited 集泓有限公司	HK	HK	Ordinary share HKD1	—	100%	Inactive
On Win Corporation Limited^ 進盈有限公司	HK	HK	Ordinary share HKD1	—	100%	Investment holding
Hebei Hongsong Renewable Energy Investment Co., Ltd.[2^] 河北紅松新能源投資有限公司	PRC	PRC	Registered capital RMB171,720,000	—	79.06%	Investment holding
Hebei Hongsong Wind Power Co., Ltd.[3^] 河北紅松風力發電股份有限公司	PRC	PRC	Registered capital RMB910,000,000	—	70.97%	Wind farm operation
Hebei Quan Tai Electrical and Mechanical Equipment Maintenance Co., Ltd.[2] 河北全泰機電設備維修有限公司	PRC	PRC	Registered capital RMB3,000,000	—	79.06%	Electrical and mechanical equipment maintenance
Hong Song Holdings Limited	BVI	HK	Ordinary share USD1	100%	—	Investment holding
Sino Renewable Energy Holdings Company Limited	BVI	HK	Ordinary share USD1	100%	—	Investment holding
Redwood Group Limited 紅松集團有限公司	HK	HK	Ordinary share HKD1	—	100%	Investment holding
Asia Renewable Energy Company Limited 亞洲新生能源有限公司	HK	HK	Ordinary share HKD1	—	100%	Investment holding

16 INTEREST IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Place of operations	Particulars of issued and fully paid share capital/ registered capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Principal activities
World Business Limited 環宇國際商務有限公司	HK	HK	Ordinary shares HKD10,000	—	100%	Investment holding
Zhuhai Dong Fang Renewable Energy Limited[1] 珠海東方新生能源有限公司	PRC	PRC	Registered capital RMB100,000	—	100%	Investment holding
承德紅松風力發電資詢服務有限公司[1]	PRC	PRC	Registered capital USD20,000	—	100%	Investment holding
承德紅松新能源技術服務有限公司[2]	PRC	PRC	Registered capital RMB30,000	—	100%	Investment holding

1 wholly-owned foreign enterprise
2 private limited liability company
3 sino-foreign equity joint venture company
^ At 31 December 2015 and 2014, the issued shares/registered capital of these companies were pledged under shares charges to secured certain bank and other loans of the Group (notes 24 and 25)

16 INTEREST IN SUBSIDIARIES *(continued)*

The following table lists out the information relating to Hongsong and its subsidiary that has material non-controlling interests ("NCI"). The summarised financial information for the year ended 31 December 2015 and 2014 presented below represents the post-acquisition amounts before any inter-company elimination.

	At 31 December 2015	At 31 December 2014
Proportion of registered capital (or voting right) held by the Group	**86.55%**	85.36%
Proportion of ownership interests held by the Group	**70.97%**	68.30%
Proportion of registered capital (or voting right) held by NCI	**13.45%**	14.64%
Proportion of ownership interests held by NCI	**29.03%**	31.70%

Hebei Hongsong Wind Power Co., Ltd. and its subsidiary

	2015	2014
	RMB'000	*RMB'000*
Current assets	**409,864**	311,804
Non-current assets	**2,237,835**	2,086,711
Current liabilities	**297,031**	216,705
Non-current liabilities	**1,313,573**	1,202,032
Net assets	**1,037,095**	979,778
Carrying amount of NCI	**240,365**	226,473
Revenue	**314,733**	403,227
Profit for the year	**44,618**	103,100
Total comprehensive income	**44,618**	103,100
Profit allocated to NCI	**13,716**	53,247
Dividend paid to NCI	**—**	16,031
Cash flows generated from operating activities	**19,759**	8,543
Cash flows used in investing activities	**(213,269)**	(35,729)
Cash flows generated from financing activities	**149,900**	65,629

17 INTEREST IN AN ASSOCIATE

	2015	2014
	RMB'000	*RMB'000*
Cost of unlisted investment in an associate	**9,853**	—
Share of post-acquisition profit	**2**	—
	9,855	—

Details of the associate as at 31 December 2015 are as follow:

Name of associate	Place of establishment and operation	Particulars of registered and paid up capital	Voting right	Group's effective interest	Principal activities
Shenzhen Qianhai Jiefeng Financing and Leasing Limited* 深圳前海捷豐融資租賃有限公司 *(note i)*	PRC	Registered capital USD35,000,000 (of which USD14,909,853 has been paid up)	49%	9%	Financial leasing, purchase of leased assets, lease advisory and guarantees

* private limited liability company

Interest in an associate is accounted for using the equity method in the consolidated financial statements.

Summary of financial information on the associate which is not individually material:

	Assets	**Liabilities**	**Equity**	**Revenue**	**Profit**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
2015					
100 per cent	**91,455**	**131**	**91,324**	**484**	**17**
The Group's effective interest	**8,231**	**12**	**8,219**	**44**	**2**

	Assets	Liabilities	Equity	Revenue	Loss
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Note ii & iii)*	*RMB'000 (Note ii & iii)*
2014					
100 per cent	—	—	—	—	386
The Group's effective interest	—	—	—	—	81

17 INTEREST IN AN ASSOCIATE *(continued)*

Notes:

(i) On 17 August 2015, City Alliance Management Limited (formerly known as City Alliance Limited), a wholly-owned subsidiary of the Company, completed the acquisition of 100% ownership interest in World Business Limited, an investment holding company of which controlling 25% voting rights in Shenzhen Qianhai Jiefeng Financing and Leasing Limited ("Qianhai Jiefeng") for a total consideration of approximately HKD11,375,000 (equivalent to approximately RMB9,108,000).

On 25 November 2015, World Business Limited acquired a further 24% voting rights in Qianhai Jiefeng for a consideration of RMB800,000. The voting rights held by the Group was increased to 49%.

(ii) The associate, Hebei Hongsong Renewable Energy Investment Co., Ltd. ("Hongsong Renewable Energy") acquired in December 2013. During the year ended 31 December 2014, the Group acquired the control in Hebei Hongsong Renewable Energy. Thereafter, the interest in Hongsong Renewable Energy is consolidated into the consolidated financial statements of the Group (see note 31(a)).

(iii) Represent the results before consolidation into the Group.

18 AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	RMB'000	*RMB'000*
Unlisted equity securities, 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 31 December 2015 and 2014. Accordingly, the Directors of the Company consider no impairment should be recognised during the year ended 31 December 2015 and 2014.

19 TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables *(note iv)*	**87,599**	164,213
Less: allowance for doubtful debts	**—**	(16,762)
	87,599	147,451
Other receivables	**81,858**	64,992
Less: allowance for doubtful debts	**(6,307)**	(15,637)
	75,551	49,355
Loan receivables *(note iii)*	**90,603**	8,000
Less: allowance for doubtful debts	**(9,000)**	—
	81,603	8,000
Amount due from a former subsidiary *(note ii)*	**5,946**	—
Amount due from non-controlling interest *(note ii)*	**1,720**	—
Loans and receivables	**252,419**	204,806
Prepayments and deposits *(note v)*	**140,505**	159,552
Less: allowance for doubtful debts	**—**	(23,005)
	140,505	136,547
Gross amount due from customers for contract work *(note 20)*	**—**	120,286
	392,924	461,639

19 TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

(i) All of the trade and other receivables (including loan receivables, amount due from a former subsidiary and amount due from non-controlling interest) are expected to be recovered or recognised as expense within one year.

(ii) As at 31 December 2015, the amount due from a former subsidiary and non-controlling interest were unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2015, the loan receivables from independent third parties were unsecured, bore interest at rates ranging from 5% to 18% per annum and repayable within one year.

As at 31 December 2014, the loan receivables from independent third parties were unsecured, bore interest at rates ranging from 5% to 10% per annum and repayable within one year.

(iv) As at 31 December 2015, the Group has pledged certain of its trade receivables with carrying values of approximately RMB84,995,000 (2014: approximately RMB91,708,000) to secure its bank loans.

(v) As at 31 December 2015, the Group has pledged certain of its deposit with carrying values of RMB11,000,000 to secure its other loan.

As at 31 December 2014, the Group has pledged certain of its deposit with carrying values of RMB1,000,000 to secure a guarantee provided by an independent third party, namely 河北融投擔保集團有限公司 for the Group's certain bank loan.

(a) Ageing analysis

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

	2015	2014
	RMB'000	*RMB'000*
Within three months	**56,550**	101,549
More than three months but within one year	**30,178**	18,796
More than one year	**871**	27,106
At 31 December	**87,599**	147,451

Trade receivables are due within 5-90 days from the date of billings.

19 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment losses were written off against trade receivables directly (see note 2(k)(i)).

The movement in the allowance for doubtful debts during the year is as follow:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**16,762**	7,739
Impairment losses recognised	**12,089**	9,023
Impairment losses reversed	**(116)**	—
Uncollectible amounts written off	**(12,389)**	—
Disposal of a subsidiary	**(16,346)**	—
At 31 December	**—**	16,762

At 31 December 2015, trade receivables of the Group amounting to Nil (2014: approximately RMB16,762,000) were individually determined to be impaired and full provision had been made. These individually impaired receivables were outstanding for over 90 days as at the end of the reporting period or related to customers that were in financial difficulties. The Group does not hold any collateral over these balances.

(c) Impairment of other receivables, prepayment and deposits

During the year ended 31 December 2015, other receivables, prepayment and deposits of approximately RMB7,657,000 has been overdue and thus an impairment losses has been recognised in profit or loss. Balance of RMB1,350,000 was disposed of through disposal of a subsidiary.

As at 31 December 2014, as the significant uncertainty of recovering certain other receivables and deposits, the Group has discounted these balances by using the effective interest method. Taking into account the change of estimated time of recovery, the allowance was adjusted accordingly. During the year ended 31 December 2015, a reversal of impairment of approximately RMB16,339,000 has been recognised in profit or loss. The remained balances of approximately RMB22,303,000 were disposed of through disposal of a subsidiary.

19 TRADE AND OTHER RECEIVABLES *(continued)*

(d) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**42,734**	81,940
Past due but not impaired		
— Less than three months past due	**18,610**	25,020
— More than three months but within one year past due	**25,590**	14,183
— More than one year past due	**665**	26,308
	87,599	147,451

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20 CONSTRUCTION CONTRACTS

During the year ended 31 December 2015, the Group discontinued the construction contracts.

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/to customers for contract work at 31 December 2014 is approximately RMB750,303,000.

In respect of construction contracts in progress at the end of the reporting period, the amount of retentions receivable from customers, recorded within "Trade receivables" at 31 December 2014 is approximately RMB12,678,000.

21 PLEDGED BANK DEPOSITS

The amounts are pledged to banks as securities for certain bank guarantees issued to independent third parties and for the Group to issue bank acceptance bills *(see note 23)*.

22 CASH AND CASH EQUIVALENTS

An analysis of the balance of cash and cash equivalents is set out below:

	2015	2014
	RMB'000	*RMB'000*
Cash at bank and on hand	**143,747**	155,599
Time deposits	**—**	20,000
Cash and cash equivalents in the statements of financial position and the consolidated statement of cash flows	**143,747**	175,599

23 TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**11,924**	67,892
Bills payable	—	23,000
Other payables *(note i)*	**84,947**	150,379
Amounts due to Directors *(note ii)*	**2**	18,326
Amounts due to non-controlling interests *(note ii)*	—	10,121
Financial liabilities measured at amortised cost	**96,873**	269,718
Gross amount due to customers for contract work *(note 20)*	—	12,641
Advance from customers	—	6,148
	96,873	288,507
Less: non-current portion of other payables *(note i)*	—	(114,908)
	96,873	173,599

Notes:

(i) As at 31 December 2015, the balance included in the other payables amounting of approximately RMB51,548,000 (2014: approximately RMB114,908,000) represented the outstanding payable to the vendors for the acquisition of ownership interest in Hebei Hongsong Renewable Energy Investment Co., Ltd. ("Hongsong Renewable Energy") to, in aggregate, approximately 76.98% by the Group during the year ended 31 December 2014.

As at 31 December 2015, the balance included in the other payables amounting of approximately RMB4,134,000 (2014: Nil) represented the amount due to a former executive director. The amount due was unsecured, interest-free and repayable on demand.

(ii) As at 31 December 2015, the amounts due were unsecured, interest-free and repayable on demand.

Except for amounts due to Directors of approximately RMB424,000 by the Group as at 31 December 2014 which were unsecured, bore interest at 12% per annum and repayable on 5 November 2015, the remaining balances of amounts due to Directors and non-controlling interests were unsecured, interest-free and repayable on demand.

23 TRADE AND OTHER PAYABLES *(continued)*

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

	2015	2014
	RMB'000	*RMB'000*
Within three months	**6,635**	14,893
More than three months but within one year	**137**	13,491
More than one year	**5,152**	39,508
	11,924	67,892

All of the trade and other payables (including amounts due to Directors and non-controlling interests) are expected to be settled or recognised as income within one year, except for the non-current portion of other payables.

As at 31 December 2014, the bills payable were secured by the Group's pledge bank deposits and the bills payable were repayable with an average maturity period of three months (note 21).

24 BORROWINGS

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

	2015 RMB'000	2014 RMB'000
Bank loans *(note 25)*	**1,797,119**	1,868,478
Bonds *(note 24(b)(ii))*	**101,721**	27,108
Other loans *(note 24(b)(iii))*	**50,000**	21,322
Obligation under finance lease *(note 24(c))*	**239**	310
	1,949,079	1,917,218
Analysis as:		
Current	**357,890**	461,496
Non-current	**1,591,189**	1,455,722
	1,949,079	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.

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

(i) Convertible bonds issued in December 2013

On 19 December 2013, the Company issued the zero coupon unsecured convertible bonds with principal amount of HKD30,000,000 and a maturity date of 19 December 2014 to Investec Bank Limited.

The convertible bonds can be redeemed by the bondholders at 102% of their principal amount when the following events have occured:

— the share issuance cap being exceeded upon the exercise of a conversion right;

— the Company conducts any debt or convertible bonds issuance where the maturity date for such debt or convertible bonds is less than one month after the maturity date, or issues or repurchases any debt without the consent of the majority bondholder;

24 BORROWINGS *(continued)*

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

(i) Convertible bonds issued in December 2013 (continued)

— a change of control of the Company or an acquisition of all or substantially all of the assets or property of the Group;

— suspension of trading of the shares for more than five trading days in any 30 calendar day period or revocation or withdrawal of listing of the shares on the Stock Exchange; and

— the conversion price falling below the minimum conversion price (subject to the right of the Company to issue replacement bonds).

In addition, the Company may (on giving not less than 10 business days' notice to the bondholders, the "Optional Redemption Notice") redeem all (but not some only) of the convertible bonds then outstanding at 102% of their principal amount on the date specified in the Optional Redemption Notice.

The convertible bonds are convertible into the Company's ordinary shares at any time during the period commencing from the date of issue up to the close of business on the second business day prior to the maturity date, both dates inclusive. The conversion price (subject to adjustment) will be reset each day and, in respect of each day, is an amount equal to the higher of (a) 95% of the closing price of the shares, as quoted on the Stock Exchange, on the immediately preceding trading day; and (b) the minimum conversion price of HKD1.59.

The convertible bonds contain liability component stated at amortised cost and conversion option, and holders' redemption option and issuer's redemption option (collectively the "derivative component") stated at fair value. The derivative component is presented on a net basis as the terms and conditions of options under the derivative component are interrelated. Issue costs of approximately HKD2,570,000 are apportioned between the liability component and derivative component based on their relative fair values at the date of issue. An issue cost of approximately HKD2,121,000 relating to liability component is included into the fair value of liability component at the date of issue. The effective interest rate of the liability component is approximately 32.52%.

24 BORROWINGS *(continued)*

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

(i) Convertible bonds issued in December 2013 *(continued)*

During the year ended 31 December 2014, convertible bonds in aggregate amounts of HKD14,000,000 was converted into ordinary shares, creating a total of 7,632,000 new ordinary shares of the Company at an average conversion price of HKD1.83 per share.

	Liability component *RMB'000*	**Derivative component** *RMB'000*	**Total** *RMB'000*
At 1 January 2014	17,945	4,948	22,893
Change in fair value	—	(2,955)	(2,955)
Interest expenses *(note 6(i)(a))*	2,949	—	2,949
Conversion of convertible bonds	(8,925)	(2,033)	(10,958)
Cash settled	(12,889)	—	(12,889)
Loss on redemption of convertible bonds	787	—	787
Exchange adjustment	133	40	173
At 31 December 2014 and 31 December 2015	**—**	**—**	**—**

(ii) Bond

During the year ended 31 December 2015, the Company had unsecured bonds in an aggregated principle amount of approximately HKD144,236,000 (2014: approximately HKD41,981,000) with maturity of three to seven (2014: seven) years. The bonds carry fixed rate interest 6% — 7% (2014: 7%) per annum and interest is payable in arrears yearly. As at 31 December 2015 and 2014, the bonds are classified as non-current liabilities as the bonds will be settled more than 12 months.

24 BORROWINGS *(continued)*

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

(iii) Other loans

As 31 December 2015, the other loans were as follows:

	2015	2014
	RMB'000	*RMB'000*
Secured *(note a)*	**40,000**	—
Guaranteed *(note b)*	**10,000**	10,000
Unsecured		
— Interest-bearing loan *(note c)*	**—**	6,322
— Interest-free loans *(note d)*	**—**	5,000
	50,000	21,322

Notes:

(a) At 31 December 2015, the Group had the secured other loan of RMB40,000,000 was secured by certain property, plant and equipment with carrying value of approximately RMB64,729,000, deposit with carrying values of RMB11,000,000 and share charge over the registered capital of a subsidiary.

(b) At 31 December 2015, the Group had the other loan of RMB10,000,000 was guaranteed by Mr. Li, a former Executive Director, bore interest at 10% per annum and was repayable in 2017.

At 31 December 2014, the Group had the other loan of RMB10,000,000 was guaranteed by Mr. Li, bore interest at 10% per annum and was repayable in 2015. The loan was subsequently extended to repayable in 2017.

(c) At 31 December 2014, the Group had unsecured other loan of HKD7,900,000 (equivalent to approximately RMB6,322,000) was borrowed from a staff of the Company, bore interest at 18% per annum and was fully settled during the year ended 31 December 2015.

(d) At 31 December 2014, the Group had unsecured other loans of RMB5,000,000, which were interest-free and repayable in 2016. The balance was disposed of through disposal of a subsidiary.

24 BORROWINGS *(continued)*

(c) Obligation under finance lease

At 31 December 2015, the Group had obligation under finance lease repayable as follows:

	2015 Present value of the minimum lease payments *RMB'000*	**2015** Total minimum lease payments *RMB'000*	2014 Present value of the minimum lease payments *RMB'000*	2014 Total minimum lease payments *RMB'000*
Within 1 year	**85**	**94**	82	90
After 1 year but within 2 years	**85**	**94**	82	90
After 2 years but within 5 years	**69**	**79**	146	162
After 5 years	**—**	**—**	—	—
	154	**173**	228	252
	239	**267**	310	342
Less: total future interest expenses		**(28)**		(32)
Present value of lease obligations		**239**		310

25 BANK LOANS

At 31 December 2015, the bank loans were repayable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year or on demand	**352,805**	445,092
After 1 year but within 2 years	**424,814**	389,976
After 2 years but within 5 years	**532,500**	668,410
More than 5 years	**487,000**	365,000
	1,797,119	1,868,478

As 31 December 2015, the bank loans were secured and guaranteed as follows:

	2015	2014
	RMB'000	*RMB'000*
Bank loans		
— secured *(note a)*	**1,421,647**	1,739,871
— guaranteed *(note b)*	**78,472**	128,607
— unsecured *(note c)*	**297,000**	—
	1,797,119	1,868,478

Notes:

(a) At 31 December 2015, the Group's secured bank loans were secured by the following:

- — the Group's certain property, plant and equipment with carrying values of approximately RMB1,061,229,000 (2014: approximately RMB892,367,000);
- — the Group's certain lease prepayments with carrying values of approximately RMB2,369,000;
- — the Group's certain trade receivables with carrying values of approximately RMB84,995,000 (2014: approximately RMB91,708,000);
- — certain properties owned by Mr. Li, a former executive director of the Company;
- — 308,867,000 ordinary shares of the Company owned by Diamond Era;

25 BANK LOANS *(continued)*

Notes: (continued)

(a) At 31 December 2015, the Group's secured bank loans were secured by the following: *(continued)*

— the shares charges over the issued shares/registered capital of certain subsidiaries of the Company, and entire issued shares of Diamond Era owned by Mr. Zhang; and

— personal guarantee provided by Mr. Li and his spouse, Mr. Zhang and his spouse to the extent of the indebtedness of certain bank loans.

The average effective interest rate on secured bank loans approximated 6.15% (2014: approximated 6.83%) per annum.

(b) As at 31 December 2015, the unsecured bank loans of RMB30,000,000 was guaranteed by a non wholly-owned subsidiary, namely Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd.（克什克騰旗朗誠瑞風電力發展有限公司）.

As at 31 December 2014, the unsecured bank loans of RMB30,000,000 and RMB5,600,000 were guaranteed by wholly-owned subsidiaries, namely Chengde Beichen High New Technology Co., Ltd. (承德北辰高新科技有限公司) and Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd. (承德瑞風新能源風電設備有限公司) respectively.

As at 31 December 2015, the unsecured bank loans of RMB21,000,000 (2014: RMB42,000,000) was guaranteed by former shareholders of a subsidiary of the Group.

As at 31 December 2015, the unsecured bank loans of Nil (2014: RMB31,007,000) was guaranteed by the Company and unlimited personal guarantee provided by Mr. Zhang and his spouse.

As at 31 December 2014, the unsecured bank loans of approximately RMB20,000,000 was guaranteed by an independent third party, namely 河北融投擔保集團有限公司 (note 19).

The average effective interest rate on unsecured, guaranteed bank loans approximated 7.13% (2014: approximated 7.01%) per annum.

(c) As at 31 December 2015, the average effective interest rate on unsecured bank loan approximated 5.15% per annum.

(d) At 31 December 2015, except for the bank loan in aggregate amount of approximately RMB276,119,000 (2014: approximately RMB311,179,000) which is denominated in United States dollars ("USD"), all bank loans are denominated in RMB.

26 EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000 (HKD25,000 prior to June 2014). Contributions to the plan vest immediately.

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

The total expenses recognised in the consolidated statement of profit or loss for the year of approximately RMB3,135,000 (2014: approximately RMB4,046,000) represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

27 SHARE OPTION SCHEME

A new share option scheme (the "New Scheme") was adopted pursuant to a written resolution of the shareholders of the Company passed on 1 June 2015. No further option can be granted under the share option scheme which was adopted on 17 May 2006 (the "Existing Scheme").

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

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

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

27 SHARE OPTION SCHEME *(continued)*

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

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

An option may be accepted by a participant within 7 days inclusive of the day on which such offer was made. A nominal consideration of HKD1 is payable on acceptance of the grant of an option. An option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Directors may determine which shall not exceed ten years from the date of grant subject to the provision of early termination thereof.

The subscription price of a Share under the New Scheme will be a price solely determined by the Board and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

In July 2015, 124,920,000 share options were granted to the Company's selected employees, consultants and executive directors under the New Scheme. The exercise price is HKD1.07 per share which were vested immediately and exerciseable for 3 years from the date of grant. No share options were exercised, cancelled or lapsed during the year ended 31 December 2015.

During the year ended 31 December 2015, the Group recognised total expense of approximately RMB10,955,000 in relation to the share options granted by the Company.

As at 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the New Scheme was 124,920,000, representing approximately 8.33% of the Company's issued share capital as at that date.

No option has been granted under the Existing Scheme from the date of adoption of the scheme up to 31 December 2015.

27 SHARE OPTION SCHEME *(continued)*

(a) The terms and conditions of the grants are as follows:

Name and category of participant	Grant date	Exercise period	Exercise price per share	Number of unlisted share options: As at 1 January 2015	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	As at 31 December 2015
Directors								
Zhang Zhixiang	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	—	4,620,000	—	—	4,620,000
Ning Zhongzhi	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	—	4,620,000	—	—	4,620,000
Zheng Xian Tao	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	—	4,620,000	—	—	4,620,000
Li Baosheng#	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	—	4,620,000	—	—	4,620,000
Other employees								
In aggregate	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	—	31,500,000	—	—	31,500,000
Other grantees								
In aggregate	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	—	74,940,000	—	—	74,940,000
TOTAL				**—**	**124,920,000**	**—**	**—**	**124,920,000**

Resigned as the chairman of the Board of Directors and an executive Director of the Company on 6 November 2015.

(b) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options
Outstanding at the beginning of the year	—	—
Granted during the year	HKD1.07	124,920,000
Outstanding at the end of the year	HKD1.07	124,920,000

The options outstanding at 31 December 2015 had an exercise price of HKD1.07 and a weighted averaged remaining contractual life of 2.6 years.

27 SHARE OPTION SCHEME *(continued)*

(c) Fair value of share options and assumption

The fair value of services received in return for share options granted to employees and Directors are measured by reference to the fair value of share options granted. The estimate of fair value of the share options granted is measured on a binomial option pricing model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions	**2015**	2014
Fair value at measurement date	**HKD0.23**	N/A
Share price at measurement date	**HKD1.00**	N/A
Exercise price	**HKD1.07**	N/A
Expected volatility	**36.06%**	N/A
Expected dividends	**0%**	N/A
Option life	**3 years**	N/A
Risk-free interest rate	**0.613%**	N/A

The expected volatility is based on the historical volatility of the Company's share price. Expected dividends are based on the historical dividends.

28 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**(471)**	(3,444)
Disposal of a subsidiary	**(6,775)**	—
Provision for PRC Enterprise Income Tax for the year	**11,935**	18,480
Withholding tax	**—**	1,691
Under-provision in respect of prior years	**3,745**	2,126
PRC Enterprise Income Tax paid	**(3,842)**	(19,324)
At 31 December	**4,592**	(471)

28 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

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

	Allowable for doubtful debts	Revaluation of property	Withholding tax on future dividend income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax arising from:				
At 1 January 2014	1,935	(49,187)	—	(47,252)
Credited/(charged) to income statement	(1,935)	4,338	(724)	1,679
At 31 December 2014 and 1 January 2015	—	(44,849)	(724)	(45,573)
Credited/(charged) to income statement	—	4,268	(648)	3,620
Disposal of a subsidiary	—	9	—	9
At 31 December 2015	**—**	**(40,572)**	**(1,372)**	**(41,944)**

28 INCOME TAX IN THE STATEMENTS OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

(ii) Reconciliation to the consolidated statement of financial position

	2015	2014
	RMB'000	*RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**—**	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(41,944)**	(45,573)
	(41,944)	(45,573)

(c) Deferred tax assets not recognised

At the end of the reporting period, the Group has unused tax losses of approximately RMB29,584,000 (2014: approximately RMB52,492,000) available for offset against future profits that may be carried forward five years after they are incurred. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profits streams.

(d) Deferred tax liabilities not recognised

Under the New Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

At 31 December 2015, deferred tax liabilities of approximately RMB648,000 (2014: approximately RMB724,000) have been provided for in the consolidated financial statements in respect of the temporary differences attributable to the undistributed profits of a PRC subsidiary.

At 31 December 2015, deferred tax liabilities of approximately RMB2,954,000 (2014: approximately RMB4,245,000) have not been provided for in the consolidated financial statements in respect of the temporary difference attributable to the undistributed profits of other PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reserve in the foreseeable future.

29 CAPITAL AND RESERVES

(a) Movements in components of equity

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

Company

	Share capital	Share premium	Translation reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	9,476	944,396	(35,874)	—	(584,002)	333,996
Conversion of the convertible bonds *(note 24(b))*	60	10,898	—	—	—	10,958
Issue of share upon placing *(note 29(b))*	1,644	161,837	—	—	—	163,481
Total comprehensive income for the year	—	—	3,158	—	(163,562)	(160,404)
At 31 December 2014 and 1 January 2015	11,180	1,117,131	(32,716)	—	(747,564)	348,031
Issue of share upon placing *(note 29(b))*	2,002	157,215	—	—	—	159,217
Equity settled share-based transaction *(note 27)*	—	—	—	22,651	—	22,651
Total comprehensive income for the year	—	—	16,093	—	(33,819)	(17,726)
At 31 December 2015	13,182	1,274,346	(16,623)	22,651	(781,383)	512,173

29 CAPITAL AND RESERVES *(continued)*

(b) Share capital

	2015		2014	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***RMB'000***	*'000*	*RMB'000*
Authorised:				
Ordinary shares of HKD0.01 each *(note i)*	**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 *(note ii)*	**—**	**—**	7,632	60
Issue of shares upon placing *(note iii)*	**249,880**	**2,002**	208,000	1,644
At 31 December	**1,499,284**	**13,182**	1,249,404	11,180

Notes:

(i) On 25 February 2016, in an extraordinary general meeting, the shareholders of the Company approved to grant the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares in the share capital of the Company, representing up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue and the authorised share capital of the Company to be increased from HKD20,000,000 divided into 2,000,000,000 shares to HKD100,000,000 divided into 10,000,000,000 shares by the creation of an additional 8,000,000,000 shares.

(ii) During the year ended 31 December 2014, convertible bonds in aggregate amounts of HKD14,000,000 was converted into ordinary shares, at an average conversion price of approximately HKD1.83 per share resulting in the issue of 7,632,000 ordinary shares of HKD0.01 each.

(iii) On 2 July 2015, the Company placed, through the placing agents, 249,880,000 ordinary shares of HKD0.01 each in the capital of the Company to not less than six placees at the placing price of HKD0.80 per ordinary share.

On 7 October 2014, the Company placed, through the placing agents, 208,000,000 ordinary shares of HKD0.01 each in the capital of the Company to not less than six placees at the placing price of HKD1.00 per ordinary share.

(iv) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29 CAPITAL AND RESERVES *(continued)*

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) Share-based payment reserve

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

(iii) Statutory reserves

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

(iv) Translation reserve

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

(d) Distributability of reserves

As at 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately RMB492,963,000 (2014: approximately RMB369,567,000).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. During the year ended 31 December 2015, the Group's strategy remained unchanged from 2014.

29 CAPITAL AND RESERVES *(continued)*

(e) Capital management *(continued)*

The Group monitors its capital structure by reviewing its net debt-to-equity ratio and cash flow requirements, taking into account its future financial obligations and commitments. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
	RMB'000	*RMB'000*
Borrowings:		
Current portion	**357,890**	461,496
Non-current portion	**1,591,189**	1,455,722
Total borrowings *(note 24)*	**1,949,079**	1,917,218
Less: Cash and cash equivalents *(note 22)*	**(143,747)**	(175,599)
Net debt	**1,805,332**	1,741,619
Total equity	**712,031**	640,381
Gearing ratio	**254%**	272%

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

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

(a) Credit risk

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

(ii) The receivables from sales of electricity mainly represent receivables from the provincial power grid companies. The Group have no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 97% (2014: 62%) of the Group's total trade debtors as at 31 December 2015.

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

(a) Credit risk *(continued)*

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

(iv) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Group had a certain concentration of credit risk as 97% (2014: 62%) of the total trade receivables was due from the Group's largest debtor as at 31 December 2015. The Group does not hold any collateral over this balance.

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

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

(b) Liquidity risk

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

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

(b) Liquidity risk *(continued)*

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

2015

	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total contractual undiscounted cash flow**	**Carrying amount**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Bank loans	**446,737**	**493,081**	**653,914**	**568,471**	**2,162,203**	**1,797,119**
Bonds	**8,288**	**8,354**	**38,658**	**116,334**	**171,634**	**101,721**
Obligation under finance lease	**94**	**94**	**79**	**—**	**267**	**239**
Other loans	**8,588**	**17,375**	**19,665**	**16,582**	**62,210**	**50,000**
Trade and other payables (excluding advance from customers)	**96,873**	**—**	**—**	**—**	**96,873**	**96,873**
	560,580	**518,904**	**712,316**	**701,387**	**2,493,187**	**2,045,952**

2014

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	557,983	475,651	776,811	442,265	2,252,710	1,868,478
Bonds	2,352	2,352	7,055	38,035	49,794	27,108
Obligation under finance lease	90	90	162	—	342	310
Other loans	17,596	5,000	—	—	22,596	21,322
Trade and other payables (excluding advance from customers)	167,451	114,908	—	—	282,359	282,359
	745,472	598,001	784,028	480,300	2,607,801	2,199,577

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

(c) Interest rate risk

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

(i) Interest rate profile

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

	2015		2014	
	Effective interest rates %	***RMB'000***	Effective interest rates %	*RMB'000*
Fixed rate borrowings:				
Bonds	**11.15**	**101,721**	11.30	27,108
Other loans	**10.00**	**10,000**	10.03	21,322
Bank loans				
Short term loans	**9.47**	**30,000**	8.73	38,600
Obligation under finance lease	**4.84**	**239**	4.84	310
		141,960		87,340
Variable rate borrowings:				
Bank loans				
Long term loans	**5.97**	**1,688,648**	6.76	1,715,871
Short term loans	**5.85**	**78,471**	7.33	114,007
Other loan	**6.75**	**40,000**	—	—
		1,807,119		1,829,878
Total net borrowings		**1,949,079**		1,917,218
Net fixed rate borrowings as a percentage of total net borrowings		**7%**		5%

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

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increase/decrease the Group's loss after taxation and accumulated losses by approximately RMB14,175,000 (2014: approximately RMB14,425,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after taxation (and accumulated losses) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after taxation (and accumulated losses) is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2014.

(d) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group's transactional currency is RMB as substantially all the turnover are in RMB. The Group's transactional foreign exchange exposure was insignificant.

(i) Exposure to currency risk

The Group is exposed to currency risk primarily through sales which give rise to receivables and bank balances that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk is primarily USD and HKD.

The Group ensures that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweighs the potential risk of exchange rate fluctuations.

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

(d) Currency risk *(continued)*

(i) Exposure to currency risk (continued)

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with governmental approval.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2015	2014	**2015**	2014
	USD'000	*USD'000*	***HKD'000***	*HKD'000*
Trade and other receivables	**—**	—	**75,432**	287
Cash and cash equivalents	**6**	8	**49,278**	6,356
Trade and other payables	**—**	—	**(18,208)**	(3,380)
Amounts due to Directors	**—**	—	**(11)**	(2,197)
Bonds	**—**	—	**(121,472)**	(33,876)
Bank loans	**(42,542)**	(50,464)	**—**	—
Obligation under finance lease	**—**	—	**(286)**	(388)
Other loans	**—**	—	**—**	(7,900)
Overall exposure arising from recognised assets and liabilities	**(42,536)**	(50,456)	**(15,267)**	(41,098)

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

(d) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after taxation (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2015			2014		
	Increase/ (Decrease) in foreign exchange rates	**Effect on loss after taxation** *RMB'000*	**Effect on accumulated losses** *RMB'000*	Increase/ (Decrease) in foreign exchange rates	Effect on loss after taxation *RMB'000*	Effect on accumulated losses *RMB'000*
UNITED STATES DOLLARS	**5%/(5%)**	**13,812/(13,812)**	**13,812/(13,812)**	5%/(5%)	15,656/(15,656)	15,656 /(15,656)
HONG KONG DOLLARS	**5%/(5%)**	**639/(639)**	**639/(639)**	5%/(5%)	1,644/(1,644)	1,644/(1,644)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting period. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities loss after taxation and equity measured in the respective functional currencies translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2014.

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

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

Fair value measurement has been categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

During the year there were no significant transfer between instruments in Level 1 and Level 2 and no transfer into or out of Level 3 (2014: Nil).

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values because of their immediate or short term maturity as at 31 December 2015 and 2014.

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

(e) Fair value measurement *(continued)*

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

			Fair value measurements as at 31 December 2015 categorised into			
	Carrying amounts *RMB'000*	**Fair value** *RMB'000*	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
— Non-current borrowings	**1,591,189**	**1,265,326**	**—**	**1,265,326**	**—**	**1,265,326**

			Fair value measurements as at 31 December 2014 categorised into			
	Carrying amounts *RMB'000*	Fair value *RMB'000*	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
— Non-current borrowings	1,455,722	1,340,055	—	1,340,055	—	1,340,055

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

(e) Fair value measurement *(continued)*

(ii) Fair value of financial assets and liabilities carried at other than fair value *(continued)*

Valuation techniques and inputs used in level 2 fair value measurements

The fair values of the non-current borrowings are estimated as being the present values of future cash flows, discounted at interest rates based on observable yield curves as at 31 December 2015 and 2014 taking into account the credit spread of the Group as appropriate.

31 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Pre-acquisition carrying amounts were determined based on applicable HKFRS immediately before the acquisition. The value of assets and liabilities recognised on acquisition are their fair values measured as follows: for the identifiable assets with an active market, the fair value was measured according to its market price; for the identifiable assets without an active market, the fair value was measured based on the market price of the same or similar kind of assets; if no active market exists for the same or similar assets, the fair value was measured by appraisal technique.

Goodwill is generated as a result of difference between the fair value of the net assets acquired and consideration.

(a) Acquisition of Hongsong Renewable Energy

On 4 June 2014, Beichen Hightech, a wholly-owned subsidiary of the Group, completed the acquisition of further 56.05% ownership interest in Hongsong Renewable Energy, an investment holding company of which controlling approximately 35.06% voting rights in Hongsong, for a total consideration of approximately RMB301,553,000.

Hence, Beichen Hightech's interest in Hongsong Renewable Energy increased from 20.93% to 76.98%, and the Group indirectly obtained the control of approximately 35.06% voting rights in Hongsong. In addition to approximately 50.30% voting rights in Hongsong currently held by the Group, the aggregate voting rights in Hongsong increased to approximately 85.36% as at 31 December 2014.

31 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(continued)*

(b) Acquisition of Hong Song Holdings Limited

On 12 January 2015, the Company completed the acquisition of 100% ownership interest in Hong Song Holdings Limited, an investment holding company which controlled approximately 1.19% voting rights and obtained approximately 1.65% ownership interest in Hongsong, for a total consideration of HKD39,600,000 (equivalent to approximately RMB32,001,000). Hence, the aggregate voting rights and ownership interest in Hongsong increase to approximately 86.55% and approximately 69.95% respectively.

The following table summarised the effect of the changes in the Group's ownership interest in the equity attributable to owners of the Company:

	RMB'000
Considerations paid for acquisition of non-controlling interest#	31,863
Decrease in non-controlling interest	(14,863)
Decrease in equity attributable to owners of the Company	(17,000)

\# Net of cash and cash equivalent acquired

(c) Acquisition of World Business Limited

On 17 August 2015, City Alliance Management Limited, a wholly-owned subsidiary of the Company, completed the acquisition of 100% ownership interest in World Business Limited, an investment holding company of which controlling 25% voting rights in Shenzhen Qianhai Jiefeng Financing and Leasing Limited, for a total consideration of approximately HKD11,375,000 (equivalent to approximately RMB9,108,000).

(d) Acquisition of non-controlling interests

In October 2015, 承德紅松新能源技術服務有限公司, an indirect wholly-owned subsidiary of the Company, completed the acquisition of further 2.08% ownership interest in Hongsong Renewable Energy, an investment holding company of which controlling approximately 35.06% voting rights in Hongsong, for a total consideration of approximately RMB11,765,000. Hence, the aggregate voting rights remained unchanged and the aggregate ownership interest in Hongsong increase to approximately 70.97% from approximately 69.95%.

The following summarised the effect of the changes in the Group's ownership interest in the equity attributable to owners of the Company.

	RMB'000
Considerations paid for acquisition of non-controlling interests	11,765
Decrease in non-controlling interests	(6,054)
Decrease in equity attributable to owners of the Company	(5,711)

31 ACQUISITION AND DISPOSAL OF SUBSIDIARIES *(continued)*

(e) Disposal of a subsidiary

On 30 June 2015, the Group disposed its entired interest in Beichen Power Grid. Details of the subsidiary disposed of during the year ended 31 December 2015 are set out below:

	RMB'000
Property, plant and equipment	17,838
Trade and other receivables	397,948
Pledge bank deposits	8,079
Cash and cash equivalents	10,455
Trade and other payables	(184,389)
Borrowings	(156,600)
Current taxation	(6,775)
Deferred tax liabilities	(9)
Gain on disposal of a subsidiary	453
Total consideration received	87,000
Net cash inflow arising on disposal:	
Cash consideration	87,000
Cash and cash equivalents disposed of	(10,455)
	76,545

The consideration of RMB87,000,000 was satisfied by cash.

32 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2015 not provided for in the financial statements were as follows:

	2015	2014
	RMB'000	*RMB'000*
Capital injection in a subsidiary		
— Contracted for	**387,562**	387,562
Capital injection in an associate		
— Contracted for	**102,588**	—
Acquisition of a subsidiary		
— Contracted for *(note 36(b))*	**10,000**	—
Acquisition of property, plant and equipment		
— Contracted for	**243,417**	6,039
	743,567	393,601

(b) At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**2,584**	624
After 1 year but within 5 years	**3,632**	312
	6,216	936

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to two years. None of the leases includes contingent rentals.

33 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group did not enter into any other material related party transaction.

(a) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's Directors and the chief executive as disclosed in note 8 and certain of the highest paid to employees as disclosed in note 9, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**4,901**	5,236
Share-based payments	**4,190**	—
Post-employment benefits	**215**	132
Salaries and other emoluments	**9,306**	5,368

Total remuneration is included in "staff costs" (see note 6(b)).

34 ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below.

(i) Impairment of property, plant and equipment and lease prepayments

The recoverable amount of an asset is the greater of its fair value less costs of disposal and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of the trade and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

(iii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

34 ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(a) Key sources of estimation uncertainty *(continued)*

(iv) Construction contracts

As explained in policy notes 2(m) and (u)(ii) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 20 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(v) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the Directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(vi) Recognition of deferred tax liabilities

As at 31 December 2015, deferred tax liabilities of approximately RMB2,954,000 (2014: approximately RMB4,245,000) have not been recognised on the distributable profits of certain group companies in the PRC as the Group plans to retain those profits in the respective entities for their daily operations and future developments. In case there is distribution of profits, additional tax liabilities will arise, which will be recognised in the profit or loss for the period in which such profits are declared or the future development plan of the Group amends, whichever is earlier.

(b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

		2015	2014
		RMB'000	*RMB'000*
Non-current asset			
Investments in subsidiaries		**159,543**	122,370
Current assets			
Other receivables		**78,923**	106
Amounts due from subsidiaries		**497,635**	405,465
Cash and cash equivalents		**6,537**	4,136
		583,095	409,707
Current liabilities			
Other payables		**1,165**	2,918
Amounts due to subsidiaries		**4,437**	—
Borrowings		**41,065**	64,349
		46,667	67,267
Net current assets		**536,428**	342,440
Total assets less current liabilities		**695,971**	464,810
Non-current liability			
Borrowings		**183,798**	116,779
Net assets		**512,173**	348,031
Capital and reserves	*29*		
Share capital		**13,182**	11,180
Reserves		**498,991**	336,851
Total equity		**512,173**	348,031

Approved and authorised for issue by the board of Directors on 29 March 2016.

Zhang Zhixiang	**Ning Zhongzhi**
Director	*Director*

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Proposed Open Offer

As announced by the Company on 28 January 2016, the Company proposed to raise not less than approximately HKD224.9 million before expenses by issuing not less than 299,856,000 offer shares and not more than approximately HKD243.6 million before expenses by issuing not more than 324,840,000 offer shares at the subscription price of HKD0.75 per offer share on the basis of one offer share for five shares in issue on the record date.

(b) Acquisition of Beijing Yin Feng Hui Li Investment Limited

On 23 November 2015, Zhuhai Dong Fang Renewable Energy Limited, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire 100% ownership interest in Beijing Yin Feng Hui Li Investment Limited ("Beijing Yin Feng"), for a total consideration of RMB10,000,000. Beijing Yin Feng is an investment holding company with a registered capital of RMB10,000,000 and established in PRC. The acquisition was completed on 18 March 2016. As at the date of approval of these consolidated financial statements, the management of the Group was still in the midst of determining the financial effect of the aforesaid acquisition.

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendment to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined
Amendments to HKFRS 10, HKFRS 12 and HKAS 28, *Investment Entities: Applying the consolidation exception*	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 1, *Disclosure initative*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to HKAS 16 and HKAS 41, *Agriculture: bearer plants*	1 January 2016
Amendments to HKAS 27, *Equity method in separate financial statements*	1 January 2016
HKFRS 14, *Regulatory deferral accounts*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2018
HKFRS 9, *Financial instruments*	1 January 2018

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015 *(continued)*

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

38 COMPARATIVE FIGURES

Certain comparative figures are reclassified to confirm with the current year's presentation.

Five Years' Financial Summary

	Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**355,614**	530,959	735,245	582,987	750,328
(Loss)/Profit from operations	**56,034**	69,711	180,286	(80,527)	182,875
(Loss)/Profit before taxation	**(60,368)**	(68,131)	37,576	(155,544)	100,088
(Loss)/Profit for the year	**(72,428)**	(88,749)	37,584	(166,694)	91,518
Attributable to:					
Equity holders of the Company	**(84,449)**	(150,827)	23,502	(166,694)	91,518
Non-controlling interests	**12,021**	62,078	14,082	—	—
	(72,428)	(88,749)	37,584	(166,694)	91,518
Assets and liabilities					
Total assets	**2,804,519**	2,898,564	3,134,381	1,114,760	1,020,270
Total liabilities	**(2,092,488)**	(2,258,183)	(2,245,815)	(774,499)	(670,854)
Net assets	**712,031**	640,381	888,566	340,261	349,416
Equity					
Share capital	**13,182**	11,180	9,476	9,002	7,740
Reserves	**454,111**	381,915	373,574	331,259	341,676
Total equity attributable to equity shareholders of the Company	**467,293**	393,095	383,050	340,261	349,416
Non-controlling interests	**244,738**	247,286	505,516	—	—
Total equity	**712,031**	640,381	888,566	340,261	349,416

Note:

1 The results for the year ended 31 December 2015, and the assets and liabilities as at 31 December 2015 have been extracted from the consolidated statement of profit or loss and consolidated statement of financial position as set out on pages 60 to 63 respectively, of the consolidated financial statements.