CHINA RUIFENG RENEWABLE ENERGY HOLDINGS LIMITED
中國瑞風新能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00527)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

GROUP FINANCIAL HIGHLIGHTS

— The Group's turnover from continuing operations for the six months ended 30 June 2016 increased to approximately RMB222 million (2015: approximately RMB192 million).

— The Group's gross profit from continuing operations for the six months ended 30 June 2016 increased by approximately 25% to approximately RMB124 million (2015: approximately RMB99 million).

— The Group's net profit from continuing operations for the six months ended 30 June 2016 was approximately RMB49 million (2015: approximately RMB23 million).

— The Group's profit attributable to equity shareholders of the Company for the six months ended 30 June 2016 amounted to approximately RMB22 million (2015: loss of approximately RMB19 million).

— Consolidated net asset value as at 30 June 2016 increased to approximately RMB973 million (31 December 2015: approximately RMB712 million).

— Basic and diluted earnings per share for the six months ended 30 June 2016 was approximately RMB0.014 (2015: loss of approximately RMB0.015).

— The Directors do not recommend any payment of interim dividend for the six months ended 30 June 2016.

RESULTS

The board (the "Board") of directors (the "Directors") of China Ruifeng Renewable Energy Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 (the "Reporting Period") together with the comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Note	For the six months ended 30 June 2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Continuing operations			
Revenue	3	**221,911**	191,642
Cost of sales		**(98,125)**	(92,968)
Gross profit		**123,786**	98,674
Other revenue and net income		**34,936**	20,680
Distribution costs		**—**	(409)
Administrative expenses		**(30,136)**	(16,262)
Other operating expenses		**—**	(56)
Profit from operations		**128,586**	102,627
Finance costs	4	**(57,138)**	(55,935)
Share of profits less losses of an associate		**66**	—
Profit before taxation	4	**71,514**	46,692
Income tax	5	**(22,671)**	(23,216)
Profit for the period from continuing operations		**48,843**	23,476
Discontinued operation			
Loss for the period from discontinued operation		**—**	(26,481)
Profit/(Loss) for the period		**48,843**	(3,005)
Attributable to:			
Equity shareholders of the Company		**22,104**	(18,518)
Non-controlling interests		**26,739**	15,513
Profit/(Loss) for the period		**48,843**	(3,005)
Basic and diluted earnings/(losses) per share attributable to the equity shareholders of the Company during the period	7		
— Continuing operations (RMB)		**0.014**	0.006
— Discontinued operation (RMB)		**—**	(0.021)
		0.014	(0.015)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit/(Loss) for the period	**48,843**	(3,005)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the PRC	**6,153**	(95)
Other comprehensive income for the period (net of tax)	**6,153**	(95)
Total comprehensive income for the period	**54,996**	(3,100)
Total comprehensive income attributable to:		
Equity shareholders of the Company	**28,257**	(18,613)
Non-controlling interests	**26,739**	15,513
Total comprehensive income for the period	**54,996**	(3,100)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	**As at 30 June 2016 RMB'000 (unaudited)**	As at 31 December 2015 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*9*	**1,843,719**	2,234,488
Lease prepayments		**11,099**	16,769
Interest in an associate	*10*	**74,420**	9,855
Available-for-sale investments		**6,229**	6,229
Goodwill	*16*	**695**	—
		1,936,162	2,267,341
Current assets			
Trade and other receivables	*11*	**412,059**	392,924
Lease prepayments		**301**	507
Tax recoverable		**2,237**	—
Cash and cash equivalents	*12*	**333,261**	143,747
		747,858	537,178
Current liabilities			
Trade and other payables	*13*	**104,059**	96,873
Borrowings	*14*	**380,944**	357,890
Deferred tax liabilities		**3,565**	—
Current taxation		**—**	4,592
		488,568	459,355

	Note	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Net current assets		**259,290**	77,823
Total assets less current liabilities		**2,195,452**	2,345,164
Non-current liabilities			
Borrowings	*14*	**1,187,682**	1,591,189
Deferred tax liabilities		**34,394**	41,944
		1,222,076	1,633,133
Net assets		**973,376**	712,031
Capital and reserves			
Share capital	*15*	**15,677**	13,182
Reserves		**691,018**	454,111
Equity attributable to equity shareholders of the Company		**706,695**	467,293
Non-controlling interests		**266,681**	244,738
Total equity		**973,376**	712,031

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Statutory reserves	Translation reserve	Share-based payment reserve	Convertible notes reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2015 (audited)	11,180	1,117,131	19,095	(12,164)	—	—	(742,147)	393,095	247,286	640,381
(Loss)/Profit for the period	—	—	—	—	—	—	(18,518)	(18,518)	15,513	(3,005)
Other comprehensive income										
— Exchange differences on translation of financial statements of operations outsides the PRC	—	—	—	(95)	—	—	—	(95)	—	(95)
Total comprehensive income	—	—	—	(95)	—	—	(18,518)	(18,613)	15,513	(3,100)
Transfer to statutory reserves	—	—	6,256	—	—	—	(6,256)	—	—	—
Acquisition of subsidiary	—	—	—	—	—	—	(15)	(15)	—	(15)
Acquisition of non-controlling interest	—	—	—	—	—	—	(16,700)	(16,700)	(14,863)	(31,563)
Disposal of a subsidiary	—	—	(6,711)	—	—	—	6,711	—	—	—
Disposal of non-controlling interest	—	—	—	—	—	—	(11,723)	(11,723)	11,723	—
Balance at 30 June 2015 (unaudited)	11,180	1,117,131	18,640	(12,259)	—	—	(788,648)	346,044	259,659	605,703
Balance at 1 January 2016 (audited)	**13,182**	**1,274,346**	**19,348**	**(10,926)**	**21,147**	**—**	**(849,804)**	**467,293**	**244,738**	**712,031**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**22,104**	**22,104**	**26,739**	**48,843**
Other comprehensive income										
— Exchange differences on translation of financial statements of operations outsides the PRC	**—**	**—**	**—**	**6,153**	**—**	**—**	**—**	**6,153**	**—**	**6,153**
Total comprehensive income	**—**	**—**	**—**	**6,153**	**—**	**—**	**22,104**	**28,257**	**26,739**	**54,996**
Transfer to statutory reserves	**—**	**—**	**6,966**	**—**	**—**	**—**	**(6,966)**	**—**	**—**	**—**
Acquisition of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**98**	**98**
Disposal of a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,894)**	**(4,894)**
Issue of shares upon open offer	**2,495**	**184,616**	**—**	**—**	**—**	**—**	**—**	**187,111**	**—**	**187,111**
Share issue expenses	**—**	**(4,627)**	**—**	**—**	**—**	**—**	**—**	**(4,627)**	**—**	**(4,627)**
Issue of convertible notes	**—**	**—**	**—**	**—**	**—**	**28,661**	**—**	**28,661**	**—**	**28,661**
Balance at 30 June 2016 (unaudited)	**15,677**	**1,454,335**	**26,314**	**(4,773)**	**21,147**	**28,661**	**(834,666)**	**706,695**	**266,681**	**973,376**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2015.

2. Significant accounting policies

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

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2016 as described below:

— Amendments to HKFRS 10 — Consolidated financial statements, HKFRS 12 — Disclosure of interests in other entities and HKAS 28 — Investments in associates and joint ventures "Investment entities: Applying the consolidation exception".

— Annual Improvements to HKFRSs 2012-2014 Cycle

— Amendments to HKAS 1 — Presentation of financial statements: Disclosure initiative

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

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

3. Revenue

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

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Continuing operations		
Sale of electricity	**221,911**	191,642
Discontinued operation		
Revenue from construction contracts and consultation	**—**	38,832
	221,911	230,474

4. Profit before taxation

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

		For the six months ended 30 June	
		2016	2015
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
(a)	**Finance costs:**		
	Interest expenses on bank and other loans	**50,098**	52,767
	Interest expenses on bonds	**5,747**	3,164
	Interest expenses on convertible notes	**1,289**	—
	Finance charges on obligation under finance lease	**4**	4
	Interest expenses on financial liabilities not at fair value through profit or loss	**57,138**	55,935
(b)	**Staff costs (including Directors' remuneration):**		
	Directors' remuneration (including retirement benefit scheme contributions)	**2,280**	1,697
	Other staff costs	**13,306**	13,279
	Retirement benefit scheme contributions (excluding Directors)	**226**	47
	Total staff costs	**15,812**	15,023
(c)	**Other items:**		
	Amortisation of lease prepayments	**245**	413
	Depreciation of property, plant and equipment	**82,973**	79,073
	Share-based payment for services	**2,379**	—
	Net foreign exchange	**9,081**	(104)
	Operating lease charges	**1,669**	860
	Interest income	**(2,857)**	(685)
	Gain on disposal of a subsidiary	**(17,009)**	—

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

		For the six months ended 30 June	
		2016	2015
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
(a)	**Finance costs:**		
	Interest expenses on bank and other loans	—	7,041
	Interest expenses on financial liabilities not at fair value through profit or loss	—	7,041
(b)	**Staff costs (including Directors' remuneration):**		
	Directors' remuneration (including retirement benefit scheme contributions)	—	150
	Other staff costs	—	2,416
		—	2,566
(c)	**Other items:**		
	Depreciation for property, plant and equipment	—	1,924
	Interest income	—	(18)

5. Income tax

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Taxation expenses include:		
Continuing operations		
PRC Enterprise Income Tax	**24,571**	24,915
Deferred tax	**(1,900)**	(1,699)
	22,671	23,216

No provision of Hong Kong Profits Tax had been made as the Group had no assessable profit arising in Hong Kong during the period (30 June 2015: Nil).

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

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

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

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

The New Tax Law and the Implementation Regulations also impose a withholding tax at 10%, unless reduced by a tax treaty or agreement, for dividends distributed by a PRC resident enterprise to its immediate holding company outside the PRC for earnings accumulated beginning on 1 January 2008. Under the arrangement between the PRC and Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, or Mainland China/HKSAR DTA, Hong Kong tax residents which hold 25% or more of a PRC enterprise are entitled to a reduced dividend withholding tax rate of 5%. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax under CaiShui [2008] No. 1 Notice on Certain Preferential Corporate Income Tax Policies issued jointly by the Ministry of Finance and the State Administration of Taxation on 22 February 2008.

6. Interim dividend

The Directors do not recommend the distribution of an interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

7. Earnings/(losses) per share

(a) Basic earnings/(losses) per share

The calculation of basic earnings per share from the continuing operations is based on the profit attributable to equity shareholders of the Company for the period ended 30 June 2016 of approximately RMB22,104,000 (2015: a profit of approximately RMB7,963,000).

The calculation of basic losses per share from discontinued operation of last period was based on the losses attributable to equity shareholders of the Company for the period ended 30 June 2015 of approximately RMB26,481,000.

The weighted average of approximately 1,627,794,000 ordinary shares (2015: approximately 1,249,404,000) in issue during the period, calculated as follows:

(i) Weighted average number of ordinary shares

	For the six months ended 30 June	
	2016	2015
	'000	*'000*
	(unaudited)	(unaudited)
Issued ordinary shares as at 1 January	**1,499,284**	1,249,404
Effect of issue of shares upon open offer	**128,510**	—
Weighted average number of ordinary shares as at 30 June	**1,627,794**	1,249,404

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share for the period ended 30 June 2016 is not presented because (i) the computation of diluted losses 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 period; and (ii) the impact of the convertible notes outstanding has an anti-dilute effect on the basic earning per share amounts presented.

Diluted earnings/(losses) per share for the period ended 30 June 2015 is not presented because the Group had no potentially dilutive ordinary shares in issue during 2015.

8. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief executive management for the purposes of assessing segment performance and allocating resources between segments, the Group has presented the following two reportable segments that one of the segments was disposed in June 2015.

Continuing operation

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

Discontinued operation

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

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include provision for trade and other payables and income tax payable attributable to the individual segments and bank borrowings managed directly by the segments.

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

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

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

Information regarding the Group's reportable segments as provided to the Group's chief executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2016 and 30 June 2015 is set out below:

For the period ended 30 June 2016 (unaudited):

	Continuing operations			**Discontinued operation**	
	Wind farm operations *RMB'000*	**Un-allocated** *RMB'000*	**Sub-total** *RMB'000*	**Construction contracts** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**221,911**	—	**221,911**	—	**221,911**
Reportable segment profit	**112,466**	**1,209**	**113,675**	—	**113,675**
Central administrative costs	—	**(20,998)**	**(20,998)**	—	**(20,998)**
Finance costs	—	**(21,163)**	**(21,163)**	—	**(21,163)**
Profit before taxation					**71,514**
Income tax					**(22,671)**
Profit for the period					**48,843**

For the period ended 30 June 2015 (unaudited):

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

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
As at 30 June 2016 (unaudited)					
Assets	**2,200,232**	**409,368**	**2,609,600**	**—**	**2,609,600**
Associate	**—**	**74,420**	**74,420**	**—**	**74,420**
Reportable segment assets	**2,200,232**	**483,788**	**2,684,020**	**—**	**2,684,020**
Reportable segment liabilities	**(1,085,606)**	**(625,038)**	**(1,710,644)**	**—**	**(1,710,644)**
As at 31 December 2015 (audited)					
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
Reportable segment liabilities	(1,577,781)	(514,707)	(2,092,488)	—	(2,092,488)

Other segment information:

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
For the period ended 30 June 2016 (unaudited)					
Depreciation and amortisation for the period	**(82,723)**	**(495)**	**(83,218)**	**—**	**(83,218)**
Interest income	**931**	**1,926**	**2,857**	**—**	**2,857**
Share of profits less losses of an associate	**—**	**66**	**66**	**—**	**66**
Additions to non-current segment assets during the period	**159,111**	**22**	**159,133**	**—**	**159,133**
For the period ended 30 June 2015 (unaudited)					
Depreciation and amortisation for the period	(78,930)	(556)	(79,486)	(1,924)	(81,410)
Interest income	676	9	685	18	703
Additions to non-current segment assets during the period	191,422	96	191,518	—	191,518

(b) Geographic information

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

9. Property, plant and equipment

For the six months ended 30 June 2016, the Group acquired property, plant and equipment (including construction in progress) from continuing operations amounting to approximately RMB94,487,000 (30 June 2015: approximately RMB15,451,000). The Group acquired property, plant and equipment through acquisition of subsidiary for the six months ended 30 June 2016 amounting to RMB116,000 (30 June 2015: RMB nil).

As at 30 June 2016, the net book value of the motor vehicle held under the finance lease of the Group was approximately RMB246,000 (31 December 2015: approximately RMB285,000).

10. Interest in an associate

	As at 30 June 2016 *RMB'000* **(unaudited)**	As at 31 December 2015 *RMB'000* (audited)
Cost of unlisted investment in an associate	**74,352**	9,853
Share of post-acquisition profit	**68**	2
	74,420	9,855

During the Reporting Period, the Group has further injected a total of approximately USD9,816,000 (equivalent to approximately RMB64,499,000) to the associate, accordingly the Group's effective interest in the associate has been increased to 45.13%.

Details of the associate at the end of the Reporting Period 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	PRC	Registered capital USD35,000,000 (of which USD24,725,695.18, has been paid up)	49%	45.13%	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.

11. Trade and other receivables

		As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Trade receivables	*(i)*	**102,643**	87,599
Other receivables		**217,262**	81,858
Less: allowance for doubtful debts		**(6,454)**	(6,307)
	(ii)	**210,808**	75,551
Loan receivables		**45,078**	90,603
Less: allowance for doubtful debts		**(9,000)**	(9,000)
		36,078	81,603
Amount due from a former subsidiary		**30,544**	5,946
Amount due from non-controlling interest		**1,720**	1,720
Loans and receivables		**381,793**	252,419
Prepayments and deposits		**30,266**	140,505
		412,059	392,924

(i) No allowance for doubtful debts for trade receivables was recorded as at 30 June 2016 nor 31 December 2015 and the ageing analysis as of the end of the Reporting Period is set out below:

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Within three months	**100,614**	56,550
More than three months but within one year	**1,425**	30,178
More than one year	**604**	871
	102,643	87,599

Trade receivables are due within 5-30 days from the date of billings.

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

(ii) Other receivables includes the refundable deposit of USD6,500,000 (equivalent to approximately RMB42,845,000) for a possible acquisition pursuant to the memorandum of understanding dated 17 December 2015, and the remaining consideration of RMB92,000,000 in relations to the disposal of Langcheng.

12. Cash and cash equivalents

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

	As at 30 June 2016 *RMB'000* (unaudited)	As at 31 December 2015 *RMB'000* (audited)
Cash and bank balances	**247,571**	143,747
Time deposits	**85,690**	—
Cash and cash equivalents	**333,261**	143,747

13. Trade and other payables

	As at 30 June 2016 *RMB'000* (unaudited)	As at 31 December 2015 *RMB'000* (audited)
Trade payables	**7,536**	11,924
Other payables	**83,045**	84,947
Amounts due to Directors	**13**	2
Amounts due to former subsidiaries	**13,465**	—
Financial liabilities measured at amortised cost	**104,059**	96,873

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

	As at 30 June 2016 *RMB'000* (unaudited)	As at 31 December 2015 *RMB'000* (audited)
Within three months	**608**	6,635
More than three months but within one year	**1,781**	137
More than one year	**5,147**	5,152
	7,536	11,924

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

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

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

14. Borrowings

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

		As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Bank loans	*(i)*	**1,292,264**	1,797,119
Bonds		**117,168**	101,721
Convertible notes	*(ii)*	**110,493**	—
Other loans		**48,500**	50,000
Obligation under finance lease		**201**	239
		1,568,626	1,949,079
Analysis as:			
Current		**380,944**	357,890
Non-current		**1,187,682**	1,591,189
		1,568,626	1,949,079

All of the non-current borrowings are carried at amortised cost.

(i) Bank loans

As at 30 June 2016, the amount of the Group's bank borrowings decreased to approximately RMB1,292,264,000 (31 December 2015: approximately RMB1,797,119,000), of which secured bank borrowings amounting to approximately RMB1,262,264,000 (31 December 2015: approximately RMB1,421,647,000) were secured by the Group's certain property, plant and equipment, certain leasehold land including in lease prepayments, certain trade receivables, certain bank deposits, the entire issued share capital of certain subsidiaries of the Group and of a substantial shareholder, certain properties owned by a former executive director and personal guarantee provided by a Director and a former executive director as well as the spouse of the said Directors. Guaranteed bank borrowings amounting to RMB30,000,000 (31 December 2015: approximately RMB78,472,000) were guaranteed by an indirect owned subsidiary of the Company and a Director as well as the spouse of the said Director.

(ii) ***Convertible notes***

On 15 June 2016, the Company issued convertible notes at an aggregate principal amount of HKD171,600,000 and a maturity date of 15 December 2017. The convertible notes are interest bearing at 8% p.a., payable quarterly. For those convertible notes being redeemed or being converted, interest accrued and unpaid on those convertible notes up to the date of redemption or on the date of conversion, as the case may be, will be payable on those dates.

The Company may demand early redemption of part or whole of the outstanding principal amounts of the convertible notes at any time after six months from issue by giving a notice to the noteholder of not less than five business days. Early redemption of the convertible notes will be made at par value of the convertible notes plus accrued interest up to the date of redemption.

Noteholders have the right on any business day during the conversion period to convert in whole or in part the outstanding principal amount of the convertible notes in whole or in integral multiples of HKD1,300,000 into conversion shares at an initial conversion price of HKD0.65 per conversion share (subject to adjustments), subject to and upon compliance with the term and conditions of the convertible notes.

On initial recognition on 15 June 2016, the fair value of the liability component of convertible notes is determined using the prevailing market interest rate of similar non-convertible debts, and has been ascertained by RHL Appraisal Limited. The residual amount was assigned as the equity component and included in shareholders' equity.

Interest expenses on the convertible note was calculated using the effective interest method by applying the effective interest rate of approximately 33% to the liability component.

The net proceeds received from the issuance of the convertible notes have been split between the liability and equity components, as follows:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
As at 1 January 2016	—	—	—
Issued during the period	**108,018**	**34,324**	**142,342**
Recognition of deferred tax liabilities in respect of issuance of convertible notes	—	**(5,663)**	**(5,663)**
Interest expenses	**1,289**	—	**1,289**
Exchange realignment	**1,186**	—	**1,186**
As at 30 June 2016	**110,493**	**28,661**	**139,154**

15. Share capital

	As at 30 June 2016		As at 31 December 2015	
	No. of shares	**Amount**	No. of shares	Amount
	'000	***RMB'000***	*'000*	*RMB'000*
	(unaudited)	**(unaudited)**	(audited)	(audited)
Authorised:				
Ordinary shares of HKD0.01 each *(note i)*	**10,000,000**	**87,912**	2,000,000	20,400
Ordinary shares, issued and fully paid:				
At beginning of the period	**1,499,284**	**13,182**	1,249,404	11,180
Issue of shares upon Open Offer *(note ii)*	**299,857**	**2,495**	—	—
Issue of shares upon placing *(note iii)*	—	—	249,880	2,002
At end of the period	**1,799,141**	**15,677**	1,499,284	13,182

Notes:

(i) On 25 February 2016, in an extraordinary general meeting, the shareholders of the Company approved 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) On 14 April 2016, the Company issued 299,856,800 ordinary shares of HKD0.01 each in the capital of the Company at the subscription price of HKD0.75 per ordinary share pursuant to the Open Offer which details are set out in the Company's prospectus dated 17 March 2016.

(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.

(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 issued during both period rank pari passu with the then existing ordinary shares in all respects.

16. Business Combination

Acquisition of Beijing Yin Feng Hui Li Investment Limited ("Beijing Yinfeng")

The Company completed the acquisition of 100% equity interest in Beijing Yinfeng during the first quarter of 2016, an investment holding company which holds approximately 99.9% of the registered capital of Baotou City Yinfeng Huili New Energy Investment Limited ("Baotou Yinfeng") for a total consideration of RMB10,000,000.

As at 30 June 2016, Baotou Yinfeng has a paid up registered capital of RMB24,000,000, of which 99.58% was contributed by Beijing Yinfeng.

The aggregate net assets acquired in the transaction and the goodwill arising on the acquisition were as follows:

	Acquirees' fair value at acquisition date
	RMB'000
	(unaudited)
Net assets acquired:	
Property, plant and equipment	116
Other receivables	19,133
Cash and bank balances	4,736
Other payables	(14,582)
Non-controlling interest	(98)
Net assets acquired	9,305
Goodwill arising on acquisition:	
Consideration transferred	10,000
Less: Net assets acquired	(9,305)
Goodwill arising on acquisition	695
Satisfied by:	
Cash consideration	10,000
Net cash outflow arising on acquisition:	
Cash consideration	(10,000)
Less: Cash and bank balances acquired	4,736
	(5,264)

17. Disposal of a subsidiary

Details of the subsidiary, Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng"), disposed of during the six months ended 30 June 2016 are set out below:

	2016
	RMB'000
	(unaudited)
Net assets disposed of:	
Property, plant and equipment	402,230
Lease prepayment	5,661
Trade and other receivables	235,321
Cash and bank balances	81,630
Trade and other payables	(188,249)
Borrowings	(430,900)
Tax liabilities	(7,808)
Non-controlling interest	(4,894)
	92,991
Gain on disposal of a subsidiary	17,009
Total consideration	110,000

The consideration of RMB110,000,000 will be settled in cash, of which RMB18,000,000 has been settled as at 30 June 2016 and the remaining RMB92,000,000 will be settled before 30 November 2016 pursuant to the equity transfer agreement.

18. Commitments

(a) Capital commitments not provided for in the financial statements are as follows:

	As at 30 June 2016	As at 31 December 2015
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Contracted for:		
Capital injection in a subsidiary	**387,562**	387,562
Capital injection in an associate	**39,838**	102,588
Acquisition of a subsidiary	**—**	10,000
Acquisition of property, plant and equipment	**2,456**	243,417
	429,856	743,567

(b) The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2016 *RMB'000* **(unaudited)**	As at 31 December 2015 *RMB'000* (audited)
Within 1 year	**2,082**	2,584
After 1 year but within 5 years	**2,255**	3,632
	4,337	6,216

19. Pledge of assets

As at 30 June 2016, the Group had pledged property, plant and equipment (including leasehold land and buildings) with a carrying amount of approximately RMB1,082,008,000 (31 December 2015: approximately RMB1,128,327,000) and trade and other receivables with a carrying value of approximately RMB111,614,000 (31 December 2015: approximately RMB95,995,000) as security for the bank borrowings obtained by the Group.

As at 30 June 2016 and 31 December 2015, the entire issued share capitals of certain subsidiaries were pledged for borrowings obtained by the Group.

20. Material related party transactions

During the six months ended 30 June 2016, the Group did not enter into any material transaction with related parties of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the Reporting Period, the Group is principally engaged in wind farm operation through its subsidiaries Hongsong and Langcheng.

For the six months ended 30 June 2016, the Group's revenue from its continuing operations amounted to approximately RMB221,911,000 (30 June 2015: approximately RMB191,642,000). Gross profit from its continuing operations increased by approximately 25% to approximately RMB123,786,000 for the six months ended 30 June 2016 (30 June 2015: approximately RMB98,674,000). The net profit from its continuing operations was approximately RMB48,843,000 (30 June 2015: approximately RMB23,476,000). The increase in net profit from its continuing operations was mainly due to more revenue being generated from the wind farm segment and the gain on disposal of Langcheng for the six months ended 30 June 2016.

Revenue

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

Revenue from continuing operations for the six months ended 30 June 2016 was approximately RMB221,911,000, representing an increase of approximately 16% compared with that of approximately RMB191,642,000 in the corresponding period of 2015. The increase was mainly due to the increase in electricity sales of Hongsong and the revenue generated by Langcheng since its operation in late 2015.

Cost of Sales

Cost of sales from continuing operations mainly includes the cost of raw materials, staff, depreciation, water, electricity, gas and other ancillary materials. Cost of sales from continuing operations for the six months ended 30 June 2016 was approximately RMB98,125,000, representing approximately 44% of the Group's revenue from continuing operations, which shows a decrease from that of approximately 49% for the corresponding period in 2015 as most of the component of cost of sales are fixed cost.

Gross Profit

Gross profit from continuing operations for the six months ended 30 June 2016 increased by approximately 25% to approximately RMB123,786,000 (30 June 2015: approximately RMB98,674,000), which was mainly due to the increase in electricity sales with relative constant cost of sales.

Other Revenue and Net Income

Other revenue and net income from continuing operations mainly comprised of (i) the gain on disposal of Langcheng (30 June 2016: approximately RMB17,009,000; 30 June 2015: approximately RMB nil); (ii) the tax refund from government (30 June 2016: approximately RMB14,896,000; 30 June 2015: approximately RMB18,990,000); and (iii) interest income (30 June 2016: approximately RMB2,857,000; 30 June 2015: approximately RMB685,000). The significant increase in other revenue and net income from continuing operations was mainly due to the gain on disposal of Langcheng.

Administrative Expenses

Administrative expenses from continuing operations mainly included salaries and welfare expenses, professional fees, entertainment expenses, travelling expenses, insurance expenses, other taxation expenses, exchange difference and provision for trade and other receivables. It increased significantly by approximately 85% to approximately RMB30,136,000 for the six months ended 30 June 2016 when compared with that of approximately RMB16,262,000 for the six months ended 30 June 2015. The increase was mainly due to the increase in foreign exchange loss, rental expenses and salaries.

Finance Costs

Finance costs from continuing operations referred to interest expenses and bank charges on bank loans obtained, bonds and convertible notes issued by the Group. It amounted to approximately RMB57,138,000 for the six months ended 30 June 2016 while it amounted to approximately RMB55,935,000 in the corresponding period of 2015. The decrease was mainly due to the settlement of borrowings.

Taxation

Taxation from continuing operations decreased from approximately RMB23,216,000 for the six months ended 30 June 2015 to approximately RMB22,671,000 for the six months ended 30 June 2016. Such decrease was mainly due to the adjustment of provision of tax liabilities in previous year.

Net Profit for the Reporting Period

The net profit from continuing operations was approximately RMB48,843,000 for the six months ended 30 June 2016 (30 June 2015: approximately RMB23,476,000). The increase in profit was mainly contributed by the increase in sales of electricity generated by the Group and the recognitions of RMB17,009,000 gain on the disposal of Langcheng.

Net Current Assets

The liquidity position of the Group has improved from a net current asset amounted to approximately RMB77,823,000 as at 31 December 2015 to a net current asset as at 30 June 2016 amounted to approximately RMB259,290,000 as a result of the fund raising from the Open Offer (as defined in the paragraph headed "Open Offer" in this announcement) that completed in April 2016 which significantly improved the capital structure of the Group.

Liquidity and Financing

The cash and bank balances as at 30 June 2016 and 31 December 2015 amounted to approximately RMB333,261,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which comprised approximately RMB81,349,000, USD7,000 and HKD293,929,000), and approximately RMB143,747,000, respectively.

Total borrowings of the Group as at 30 June 2016 amounted to approximately RMB1,568,626,000, representing a decrease of approximately RMB380,453,000 when compared with approximately RMB1,949,079,000 as at 31 December 2015. The change in the total borrowings is mainly because of the repayment of borrowings and the disposal of Langcheng.

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 decreased to approximately 64% as at 30 June 2016 from approximately 75% as at 31 December 2015. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the six months ended 30 June 2016, all of the Group's borrowings were settled in RMB, USD and HKD and all of the Group's income was denominated in RMB and HKD. Interest bearing borrowings were approximately RMB1,568,626,000 as at 30 June 2016 (31 December 2015: RMB1,949,079,000). Among the interest bearing borrowings of the Group, approximately RMB268,862,000 were fixed rate loans, while RMB1,299,764,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the six months ended 30 June 2016 and up to the date of this announcement, 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.

Issuing of Corporate Bonds

During the Reporting Period, the Company issued non-listing corporate bonds to potential investors in an aggregate principal amount of HKD11,000,000 at par value with maturity date of 3 years and 7 years at the interest rate of 6% and 7% per annum, respectively (the "Bonds").

The Company intends to use the net proceeds from the Bonds issued for (i) settling any liabilities arising from previous acquisitions of business by the Group; and (ii) general working capital of the Group. As at 30 June 2016 and 31 December 2015, principal amount of approximately HKD155,236,000 and approximately HKD155,225,000 of the Bonds had been issued, respectively.

Open Offer

On 28 January 2016, the Company proposed to raise not less than approximately HKD224,893,000 before expenses by issuing not less than 299,856,800 shares of the Company (the "Offer Share(s)") and not more than approximately HKD243,631,000 before expenses by issuing not more than 324,840,800 shares of the Company at the subscription price of HKD0.75 per Offer Share on the basis of one Offer Share for every five shares of the Company in issue as at the record date (the "Open Offer"). An underwriting agreement was entered into between the Company and Zhongtai International Securities Limited (the "Underwriter") on 28 January 2016, pursuant to which the Underwriter has conditionally undertaken to underwrite the Offer Shares on a fully underwritten basis.

On 14 April 2016, 299,856,800 Offer Shares had been issued and net proceeds of approximately HKD219,500,000 was raised. The Company intended to use the net proceeds from the Open Offer as to (i) approximately 45% for the consideration of the possible acquisition of 25% indirect equity interest in Suzlon Energy (Tianjin) Limited (subject to the definitive agreement to be entered) (the "Possible Acquisition") and other possible acquisition(s) of the Group; (ii) approximately 45% for financing the Group's wind farm development and operation business; and (iii) approximately 10% for the Group's general working capital.

As at 30 June 2016, (i) approximately 36% of the net proceeds was used in settling deposit payment related to the Possible Acquisition and other acquisitions; (ii) approximately 27% was used to finance the Group's wind farm development and operation business; and (iii) approximately 2% was used as general working capital of the Group.

Further details of the Open Offer are set out in the announcements of the Company dated 28 January 2016, 9 March 2016 and 13 April 2016, respectively, and the prospectus of the Company dated 17 March 2016.

Issue of Convertible Notes

On 26 May 2016, the Company entered into a placing agreement (the "Placing Agreement") with Get Nice Securities Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure the placee(s) on a best effort basis during the placing period to subscribe for the convertible notes to be issued by the Company of up to an aggregate principal amount of HKD171,600,000 due 2017, with the conversion rights to convert the outstanding principal amount of the convertible notes into ordinary shares of the Company at an initial conversion price of HKD0.65 per conversion share (the "Convertible Notes").

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

On 15 June 2016, the Convertible Notes in the aggregate principal amount of HKD171,600,000 were issued by the Company in accordance with the terms of the Placing Agreement. The net proceeds from the issue of Convertible Notes, after deducting the Placing Agent's commission and other related expenses payable by the Company, amounted to approximately HKD167,900,000.

The Company intended to apply the net proceeds from the issue of Convertible Notes as to (i) approximately 50% for the consideration of the Possible Acquisition, other possible acquisition(s) and investments of the Group, and to finance the Group's wind farm development and operation business; (ii) approximately 40% for the repayment of the outstanding loan borrowings of the Group; and (iii) approximately 10% as the Group's general working capital.

No application of the fund raised from the issue of the Convertible Notes was recorded as at 30 June 2016.

Further details of the Convertible Notes are set out in the announcements of the Company dated 26 May 2016 and 15 June 2016, respectively.

Material Acquisitions and Disposal

(1) Acquisition of interest in Shenzhen Qianhai Jiefeng Financing and Leasing Limited ("Qianhai Jiefeng")

Upon completion of the acquisition of the entire issued share capital of World Business Limited ("World Business") (which in turn held 25% of the registered capital of Qianhai Jiefeng at the material time) as disclosed in the announcement of the Company dated 17 August 2015, World Business and Qianhai Jiefeng has become a wholly-owned subsidiary and an associate of the Company, respectively. Further to the aforesaid acquisition, on 25 November 2015, World Business and Shenzhen Meixiang Logistics Limited*（深圳美祥物流有限公司）("Shenzhen Meixiang") entered into an equity transfer agreement whereby Shenzhen Meixiang agreed to sell, and World Business agreed to purchase from Shenzhen Meixiang, 24% equity interest in Qianhai Jiefeng for a consideration of RMB800,000 (the "JF Equity Transfer Agreement").

As at the date of the JF Equity Transfer Agreement, (i) Qianhai Jiefeng had a registered capital of USD35,000,000 (equivalent to approximately RMB219,628,500), out of which USD14,909,852.56 (equivalent to approximately RMB93,561,000) was paid up, representing approximately 42.60% of its registered capital; and (ii) World Business and Shenzhen Meixiang contributed USD1,342,440.50 (equivalent to approximately RMB8,424,000) and USD13,567,412.06 (equivalent to approximately RMB85,137,000), respectively, to the registered capital of Qianhai Jiefeng.

Subsequent to the acquisition of 24% equity interest in Qianhai Jiefeng, World Business contributed an additional USD6,815,843.62 (equivalent to approximately RMB44,727,000) and USD3,000,000 (equivalent to approximately RMB19,773,000) on 29 February 2016 and 30 June 2016, respectively, to the registered capital of Qianhai Jiefeng. Subsequent to the said capital contributions and as at 30 June 2016, Qianhai Jiefeng had a paid-up capital of USD24,725,696.18 (equivalent to approximately RMB161,593,000), representing approximately 70.64% of its registered capital. World Business and Shenzhen Meixiang contributed USD11,158,284.12 (equivalent to approximately RMB72,924,000) and USD13,567,412.06 (equivalent to approximately RMB88,669,000), representing 31.88% and 38.76% of the registered capital of Qianhai Jiefeng, respectively.

World Business and Shenzhen Meixiang are required to pay up the remaining registered capital of Qianhai Jiefeng USD10,274,303.82 (equivalent to approximately RMB68,312,000) prior to 1 January 2017 (which may be extended to a later date as approved by the competent governmental authority(ies)) in proportion to their equity holdings, that is, in the amounts of approximately USD5,991,715.88 (equivalent to approximately RMB39,838,000) and USD4,282,587.94 (equivalent to approximately RMB28,474,000), respectively.

Further details are set out in the announcements of the Company dated 17 August 2015 and 28 June 2016, respectively.

(2) Acquisition of interest in Beijing Yinfeng

On 23 November 2015, Zhuhai Dong Fang Renewable Energy Limited ("Zhuhai Dong Fang", a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Beijing Tai Run Ze International Investment Limited* (北京泰潤澤國際投資有限公司) and Mr. Cao Yang* (曹洋) to acquire 99% and 1% of the equity interest of Beijing Yinfeng at a cash consideration of RMB9,990,000 and RMB10,000, respectively. Upon completion of the acquisition, Beijing Yinfeng became a wholly-owned subsidiary of the Company.

Cash consideration for the acquisition has been fully settled in the first quarter of 2016 and the registration of the aforesaid transfer of equity interest in Beijing Yinfeng was completed as at 30 June 2016.

(3) Disposal of interest in Langcheng

On 3 May 2016, Hongsong, an indirect non-wholly-owned subsidiary of the Company, entered into a capital increase agreement with Inner Mongolia Zhuoneng Investment Co. Ltd.* (內蒙古卓能投資有限公司) ("Zhuoneng") and Mr. Wang Yongquan* (王永全) ("Mr. Wang"), each of whom is an independent third party to the Group, and Langcheng (an indirect non-wholly-owned subsidiary of the Company), pursuant to which Mr. Wang and Zhouneng conditionally agreed to increase the registered capital of Langcheng by RMB83,600,000 and RMB4,400,000, respectively, by way of cash (the "Capital Increase"). Upon completion of the Capital Increase, the registered capital of Langcheng would be increased from RMB92,000,000 to RMB180,000,000, and the equity interest of Hongsong in Langcheng would be diluted from 95% to 48.56%.

On the even date, Hongsong entered into an equity transfer agreement with Zhuoneng, Langcheng and Mr. Wang, pursuant to which Hongsong conditionally agreed to dispose of and Mr. Wang conditionally agreed to acquire the entire equity interest owned by Hongsong in Langcheng at a consideration of RMB110,000,000 (the "LC Disposal"). Upon completion of the LC Disposal, Mr. Wang would hold 95% equity interest of Langcheng and Langcheng would cease to be a subsidiary of the Company. As such, the financial results of Langcheng would not be consolidated into the Group.

As at 30 June 2016, the registration of the Capital Increase was completed, meanwhile the registration of the LC Disposal will be processed in due course.

Further details of the Capital Increase and the LC Disposal are set out in the announcement of the Company dated 3 May 2016.

Apart from the transactions disclosed above and as set out in this announcement, there were no other material acquisition and disposal of subsidiaries and associated companies by the Group from 1 January 2016 to the date of this announcement.

Pledge of Assets

As at 30 June 2016, the Group has pledged certain property, plant and equipment and certain leasehold land including in lease prepayments with a carrying value of approximately RMB1,082,008,000 (31 December 2015: approximately RMB1,128,327,000), and trade and other receivables with a carrying value of approximately RMB111,614,000 (31 December 2015: approximately RMB95,995,000) as security for the borrowings obtained by the Group.

As at 30 June 2016, the entire issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities.

Employees

As at 30 June 2016, the Group had approximately 140 full-time employees (31 December 2015: approximately 150 employees) in Hong Kong and the PRC in respect of the Group's continuing operations. For the six months ended 30 June 2016, the relevant staff costs (including Directors' remuneration) from continuing operations were approximately RMB15,812,000 (2015: approximately RMB15,023,000). The Group's remuneration and bonus packages were given based on the performance of its employees in accordance with the general standards of the Group's salary policies.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period and up to the date of this announcement.

BUSINESS REVIEW

For the first half of 2016, the gross profit from the continuing operations of the Group has increased by 25% as compared to the corresponding period of last year as a result of the increase in the sales of electricity generated by the Group through the operation of wind farms by Hongsong and Langcheng in Heibei and Inner Mongolia, respectively.

Apart from the improvement in the operations of wind farm during the Reporting Period, the disposal of Hebei Beichen Power Grid Construction Co. Ltd., a loss making subsidiary of the Group which engaged in the power grid construction business, in the second quarter of 2015 enabled the Group to spin-off the non-performing business and better allocate its resources on investments with better returns. In addition, in May 2016, the Group has disposed of its interest in Langcheng, of which a disposal gain of approximately RMB17,009,000 has been recognised and a net profit of approximately RMB48,843,000 was recorded for the Reporting Period in comparing with a net loss of approximately RMB3,005,000 in the corresponding period of 2015. This improvement aligns to the business strategy made by the Company. The Group will continue to consolidate and streamline its existing new energy business portfolio and pour resources into the wind power and other renewable power development with a view to create better returns for the shareholders of the Company (the “Shareholders”) and investors.

(1) Wind farm operations

Hongsong’s wind farm projects

The construction of the Phase 9 Project – The Yuanhui Project of Hongsong had been completed in December 2013 and its wind farm operation made steady progress in 2016.

Baotou Yinfeng’s wind farm projects

Baotou Yinfeng is a subsidiary of the Company being acquired during the Reporting Period, which possesses a wind farm in Baotou City of Inner Mongolia with the 49.8MW of the Phase 1 Project. In October 2015, Baotou Yinfeng received the relevant project approval from Baotou City’s NDRC for its Phase 1 Project. Baotou Yinfeng Phase 1 Project is currently under construction and is expected to contribute to the Group’s revenue from the operation of wind farms afterwards.

(2) Finance Leasing Business

In the second half of 2015, the Group had started to diversify its operation into the finance leasing business through the acquisition of Qianhai Jiefeng, a company principally engaged in financial leasing, purchase of leased assets, lease advisory and guarantee services. As at 30 June 2016, Qianhai Jiefeng is an associated company of the Company.

FUTURE PROSPECTS

As stated in the 2015 annual report of the Group, the Group will (i) continue to focus its resources on the development and operation of energy projects through further capital investment in Hongsong and Baotou Yinfeng; (ii) enhance its interactions with other businesses; and (iii) explore new investment opportunities to develop other renewable energy business. The Group is also exploring the opportunities to develop into offshore windfarm operation and other renewable energy business, with an aim to become one of the pillars in the energy industry. The Group will (i) speed up the development of its energy business by way of cooperative development and acquisitions; and (ii) continue to identify and acquire mature power plants with promising development prospects in order to strengthen its existing wind farm operation and other energy business opportunities in the PRC and abroad.

Looking forward, the Group will consider to further invest in finance leasing business and other possible cooperation in financial market so that the Group can solidify financial supports on energy projects developments and increase its global presence.

CORPORATE GOVERNANCE

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the six months ended 30 June 2016 except for the deviation as follows:

Chairman and Chief Executive Officer

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, there have been no chairman of the Board (the "Chairman") in the Company. Mr. Zhang Zhixiang acted as the Chief Executive Officer of the Company, and is responsible for all day-to-day corporate management matters. The Board does not have the intention to fill the position of the Chairman at present and believes that the absence of the Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of the Chairman. Appointment will be made to fill the post to comply with code provision A.2.1 of the CG Code if necessary.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. The Company had made specific 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 six months ended 30 June 2016.

Senior management and those staff who are more likely to be in possession of unpublished inside information or other relevant information in relation to the Group have adopted rules based on the Model Code. These senior management and staff have been individually notified and advised about the Model Code by the Company. No incident of non-compliance of the Model Code by relevant senior management members was noted by the Company during the six months ended 30 June 2016.

OTHER INFORMATION

Interim Dividend

The Directors do not recommend any payment of interim dividend for the six months ended 30 June 2016.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the shares of the Company during the six months ended 30 June 2016.

Share Option Scheme

The Company's old share option scheme adopted on 17 May 2006 was expired on 16 May 2016. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the Shareholders on 1 June 2015 (the "2015 Share Option Scheme"). The following table discloses movements in the Company's share options held by each of the Directors, the employees of the Company and other grantees in aggregate granted under the 2015 Share Option Scheme during the six months ended 30 June 2016:

	Number of unlisted share options								
Name and category of participant	**As at 1 January 2016**	**Granted during the period**	**Cancelled/ lapsed during the period**	**Exercised during the period**	**As at 30 June 2016**	**Grant date**	**Exercise period** *(Note 1)*	**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 *(Note 2)*	4,620,000	—	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Other employees									
In aggregate	35,620,000	—	—	—	35,620,000	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**				

Notes:

(1) All share options granted do not have any vesting period.

(2) Mr. Zheng Xian Tao has resigned as an executive Director on 20 June 2016.

Audit Committee

The Company has established an audit committee (the "Audit Committee") which is comprised of Ms. Wong Wai Ling (Chairman), Mr. Qu Weidong and Ms. Hu Xiaolin as at the date of this announcement, all being the independent non-executive Directors. The unaudited interim results have not been audited or reviewed by the auditor of the Company, while the Audit Committee has reviewed the unaudited financial results of the Group for the six months ended 30 June 2016. The Audit Committee has also discussed matters such as internal control practices adopted by the Group and the financial reporting matters of the Group for the six months ended 30 June 2016.

Publication of Information on the Stock Exchange Website

The interim report of the Company, containing all the information required by the Listing Rules, will be sent to the Shareholders and published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.c-ruifeng.com), respectively, in due course.

By order of the Board of
China Ruifeng Renewable Energy Holdings Limited
Zhang Zhixiang
Executive Director and Chief Executive Officer

Hong Kong, 25 August 2016

As at the date of this announcement, the executive Directors are Mr. Zhang Zhixiang (Chief Executive Officer), Mr. Ning Zhongzhi, Mr. Li Tian Hai and Mr. Peng Ziwei; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin.