



# China Ruifeng Renewable Energy Holdings Limited

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

INTERIM REPORT 2016





# Contents

Company information	2
Summary of financial results	5
Chief Executive Officer's statement	6
Management discussion and analysis	10
Disclosure of interests	19
Corporate governance	21
Other information	22
Condensed consolidated financial statements	25



## Company Information

Company Name: China Ruifeng Renewable Energy Holdings Limited  
Place of Listing: The Stock Exchange of Hong Kong Limited  
Stock Code: 00527

### EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang (*Chief Executive Officer*)  
Mr. Ning Zhongzhi  
Mr. Li Tian Hai  
Mr. Peng Ziwei (*appointed on 20 June 2016*)  
Mr. Zheng Xian Tao (*resigned on 20 June 2016*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### COMPANY SECRETARY

Mr. Ng Ki Man (*resigned on 15 April 2016*)  
Ms. Cheng Sau Man (*appointed on 15 April 2016*)

### AUTHORISED REPRESENTATIVES

Mr. Zhang Zhixiang  
Mr. Ng Ki Man (*resigned on 15 April 2016*)  
Ms. Cheng Sau Man (*appointed on 15 April 2016*)



## Company Information

### PRINCIPAL BANKERS

*In Hong Kong:*

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

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

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

### REGISTERED OFFICE

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### COMPANY WEBSITE

[www.c-ruifeng.com](http://www.c-ruifeng.com)

### LEGAL ADVISERS AS TO HONG KONG LAWS

Loong & Yeung  
Room 1603, 16/F.  
China Building  
29 Queen's Road Central  
Hong Kong



## Company Information

### **AUDITORS**

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

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

Estera Trust (Cayman) Limited (formerly known as “Appleby Trust (Cayman) Limited”)  
Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### **BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

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

## Summary of Financial Results

Below is a summary of the unaudited condensed consolidated financial results of China Ruifeng Renewable Energy Holdings Limited for the six months ended 30 June 2016 together with the comparative figures of the corresponding period in 2015:

	For the six months ended 30 June		Increase/ (decrease) RMB'000	Approximate change in percentage %
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)		
<b>Continuing operations</b>				
Revenue	221,911	191,642	30,269	16
Gross profit	123,786	98,674	25,112	25
Profit from operations	128,586	102,627	25,959	25
Profit before taxation	71,514	46,692	24,822	53
Profit for the period	48,843	23,476	25,367	108
<b>Discontinued operation</b>				
Loss for the period	—	(26,481)	26,481	(100)
Attributable to:				
Equity shareholders of the Company	22,104	(18,518)	40,622	N/A
Non-controlling interests	26,739	15,513	11,226	72
Profit/(loss) for the period	48,843	(3,005)	51,848	N/A
			<b>As at 30 June 2016 (unaudited)</b>	<b>As at 31 December 2015 (unaudited)</b>
Net cash/(debts) (RMB'000) (note)			(1,235,365)	(1,805,332)
Net assets (RMB'000)			973,376	712,031
Liquidity ratio			153%	117%
Trade receivable turnover (number of days)			78	121
Trade payable turnover (number of days)			18	75
Earning interest multiple			2.25	0.48
Net debt to equity ratio			127%	254%

Note:

Net cash/(debts): Bank deposits and cash less borrowings.



# 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, collectively known as the "Group"), I hereby present to the shareholders of the Company (the "Shareholders") the results of the Group for the six months ended 30 June 2016 (the "Reporting Period").

## 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 Hebei Hongsong Wind Power Co., Ltd. ("Hongsong") and Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng") in Hebei 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. ("Beichen Power Grid"), 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.





# Chief Executive Officer's Statement

## (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 City Yinfeng Huili New Energy Investment Limited (“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 Shenzhen Qianhai Jiefeng Financing and Leasing Limited (“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.





# Chief Executive Officer's Statement

## OPERATING ENVIRONMENT

According to the first half year electricity operating data released by the Development and Reform Commission, the national electricity consumption for the first half of 2016 in PRC is 2.7759 trillion kwh, grew 2.7% year on year with the growth rate picked up 1.4 percentage points. Wherein the first half of the first, second and tertiary industries and residential electricity consumption grew 7.7%, 0.5%, 9.2% and 7.7% with the growth rate picked up 6.9, 1.0, 1.2 and 2.9 percentage points year on year and the growth rate changed -1.91, +0.14, -0.36 and -0.51 percentage points quarter on quarter respectively.

In the first half of 2016, additional grid capacity of wind power in the PRC is 7.74 million kilowatts. By the end of June, the cumulative grid capacity of wind power has reached 137 million kilowatts, grew 30% year on year. Further, the grid capacity of wind power generated is approximately 120 billion kwh, grew 23% year on year. Also, the average utilisation hours are approximately 917 hours, decreased 85 hours year on year. Also, abandoned wind power is 32.3 billion kwh, increased 14.8 billion kwh year on year, whereas the average curtailment wind discard rate is 21%, increase 6 percentage points year on year.

Considering macro-economic situation, the temperature and base parameter, reduction in commercial and industrial electricity price, reduction in user production cost because of direct sale to electricity consumers, alternative energy and other factors, the overall electricity consumption in 2016 is expected to be better than 2015. Considering the increase of base parameter in second quarter of last year compared with the first quarter and other factors, it is expected the national electricity consumption grew 2% year on year in the first half of 2016. The annual growth is consistent with the assumption made early this year.

It is fair to say that the Company is going towards the same direction with the political and industrial environment trend, and hence further growth is expected with positive prospective.

The continuous 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 with tremendous opportunities in developing its wind farm business, being 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 will definitely lay a solid foundation for the



## Chief Executive Officer's Statement

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 further development, of which the Company will undoubtedly benefit from this development.

### 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 wind farm 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.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to the Shareholders, investors and business partners for their continuing care of and support to the Group. I would also like to thank the management team and all the staff for their contributions and 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, 25 August 2016

The background of the top section features a collage of wind turbines and a power plant. The wind turbines are shown in various sizes and orientations, some in the foreground and others in the distance. The power plant is a large, multi-story building with a central tower, situated in a field. The entire background is overlaid with a semi-transparent blue filter.

# 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.

The background of the top section features a blue-tinted image of several wind turbines and a power plant with cooling towers, set against a sky with light clouds. The image is partially obscured by a white curved shape at the bottom.

# Management Discussion and Analysis

## **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.

The background of the top section features a collage of images related to renewable energy. On the left, a large wind turbine is shown in a close-up, low-angle shot. In the center, there is a power plant with several buildings and cooling towers. On the right, another wind turbine is visible against a blue sky with light clouds. The entire background is overlaid with a semi-transparent blue wave-like pattern.

# Management Discussion and Analysis

## **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 report) 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.



# Management Discussion and Analysis

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 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.

## 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.



## Management Discussion and Analysis

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.



# Management Discussion and Analysis

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 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.

\* For identification purposes only

## Management Discussion and Analysis

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 Yin Feng Hui Li Investment Limited (“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.

\* For identification purposes only

# Management Discussion and Analysis

## **(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 Zhoueneng 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 report, 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 report.

\* For identification purposes only

The top of the page features a decorative banner with a blue gradient. It contains images of several wind turbines and a building with a tower, likely a power plant or control center, set against a light sky.

# Management Discussion and Analysis

## **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 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 report.

# Disclosure of Interests

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

As at 30 June 2016, save as disclosed below, none of the Directors or chief executives of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors or chief executives of the Company is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules:

### Long positions in shares and underlying shares of the Company

Name of Directors/ Executive Officers	Number of shares/underlying shares			Approximate % of the issued share capital of the Company
	Corporate interests	Shares options	Total	
Zhang Zhixiang ("Mr. Zhang")	539,562,325 (Note 1)	4,620,000	544,182,325	30.25
Ning Zhongzhi	—	4,620,000	4,620,000	0.26

Note:

1. Mr. Zhang is the beneficial owner of the entire issued shares of Diamond Era Holdings Limited ("Diamond Era"). As at 30 June 2016, 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 is deemed, or taken to be, interested in the shares of the Company in which Diamond Era is interested for the purpose of the SFO.

## Disclosure of Interests

### (B) INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2016, 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 of the Company 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:

#### Long positions in shares and underlying shares of the Company

Name	Number of Shares held/ interested	Nature of interest	Position	Approximate percentage of shareholdings
Diamond Era ( <i>Note</i> )	539,562,325	Beneficial owner	Long	29.99%

*Note:*

As at 30 June 2016, Diamond Era was interested in 539,562,325 shares of the Company. Diamond Era is wholly-owned by Mr. Zhang, an executive Director.



## 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:

Name and category of participant	Number of unlisted share options					Grant date	Exercise period (Note 1)	Exercise price per share	Price per share at grant date
	As at 1 January 2016	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period	As at 30 June 2016				
<b>Directors</b>									
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 Information

Name and category of participant	Number of unlisted share options					Grant date	Exercise period (Note 1)	Exercise price per share	Price per share at grant date
	As at 1 January 2016	Granted during the period	Cancelled/lapsed during the period	Exercised during the period	As at 30 June 2016				
<b>Other employees</b>									
In aggregate	35,620,000	—	—	—	35,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
<b>Other grantees</b>									
In aggregate	74,940,000	—	—	—	74,940,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
<b>TOTAL</b>	<b>124,920,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>124,920,000</b>				

### 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.

## SUFFICIENCY OF PUBLIC FLOAT

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

## REMUNERATION COMMITTEE

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



## Other Information

### **NOMINATION COMMITTEE**

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

### **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 report, 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.

# Condensed Consolidated Financial Statements

## 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)
<b>Continuing operations</b>			
<b>Revenue</b>	3	221,911	191,642
Cost of sales		(98,125)	(92,968)
<b>Gross profit</b>		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)
<b>Profit from operations</b>		128,586	102,627
Finance costs	4	(57,138)	(55,935)
Share of profits less losses of an associate		66	—
<b>Profit before taxation</b>	4	71,514	46,692
Income tax	5	(22,671)	(23,216)
<b>Profit for the period from continuing operations</b>		48,843	23,476
<b>Discontinued operation</b>			
Loss for the period from discontinued operation		—	(26,481)
<b>Profit/(Loss) for the period</b>		48,843	(3,005)
<b>Attributable to:</b>			
Equity shareholders of the Company		22,104	(18,518)
Non-controlling interests		26,739	15,513
<b>Profit/(Loss) for the period</b>		48,843	(3,005)
<b>Basic and diluted earnings/(losses) per share attributable to the equity shareholders of the Company during the period</b>	7		
— Continuing operations (RMB)		0.014	0.006
— Discontinued operation (RMB)		—	(0.021)
		0.014	(0.015)

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Profit/(Loss) for the period</b>	48,843	(3,005)
<b>Other comprehensive income</b>		
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)
<b>Other comprehensive income for the period (net of tax)</b>	6,153	(95)
<b>Total comprehensive income for the period</b>	54,996	(3,100)
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	28,257	(18,613)
Non-controlling interests	26,739	15,513
<b>Total comprehensive income for the period</b>	54,996	(3,100)

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		As at 30 June 2016	As at 31 December 2015
	Note	RMB'000 (unaudited)	RMB'000 (audited)
<b>Non-current assets</b>			
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	11	6,229	6,229
Goodwill	17	695	—
		<b>1,936,162</b>	<b>2,267,341</b>
<b>Current assets</b>			
Trade and other receivables	12	412,059	392,924
Lease prepayments		301	507
Tax recoverable		2,237	—
Cash and cash equivalents	13	333,261	143,747
		<b>747,858</b>	<b>537,178</b>
<b>Current liabilities</b>			
Trade and other payables	14	104,059	96,873
Borrowings	15	380,944	357,890
Deferred tax liabilities		3,565	—
Current taxation		—	4,592
		<b>488,568</b>	<b>459,355</b>

# Condensed Consolidated Financial Statements

		As at 30 June 2016	As at 31 December 2015
	Note	RMB'000 (unaudited)	RMB'000 (audited)
<b>Net current assets</b>		259,290	77,823
<b>Total assets less current liabilities</b>		2,195,452	2,345,164
<b>Non-current liabilities</b>			
Borrowings	15	1,187,682	1,591,189
Deferred tax liabilities		34,394	41,944
		1,222,076	1,633,133
<b>Net assets</b>		973,376	712,031
<b>Capital and reserves</b>			
Share capital	16	15,677	13,182
Reserves		691,018	454,111
<b>Equity attributable to equity shareholders of the Company</b>		706,695	467,293
<b>Non-controlling interests</b>		266,681	244,738
<b>Total equity</b>		973,376	712,031

Approved and authorised for issue by the board of Directors on 25 August 2016.

**Zhang Zhixiang**  
Director

**Peng Ziwei**  
Director



# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000	Convertible notes reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000	
<b>Balance at 1 January 2015 (audited)</b>	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 outside the PRC	—	—	—	(95)	—	—	—	(95)	—	(95)	
<b>Total comprehensive income</b>	—	—	—	(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	—	
<b>Balance at 30 June 2015 (unaudited)</b>	11,180	1,117,131	18,640	(12,259)	—	—	(788,648)	346,044	259,659	605,703	
<b>Balance at 1 January 2016 (audited)</b>	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 outside the PRC	—	—	—	6,153	—	—	—	6,153	—	6,153	
<b>Total comprehensive income</b>	—	—	—	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	
<b>Balance at 30 June 2016 (unaudited)</b>	15,677	1,454,335	26,314	(4,773)	21,147	28,661	(834,666)	706,695	266,681	973,376	

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Net cash generated from operating activities</b>	109,045	50,263
<b>Net cash used in investing activities</b>	(181,922)	(61,328)
<b>Net cash generated from/(used in) financing activities</b>	249,249	(108,129)
<b>Net increase/(decrease) in cash and cash equivalents</b>	176,372	(119,194)
Cash and cash equivalents at beginning of the period	143,747	175,599
Effect of foreign exchange rate changes	13,142	(257)
<b>Cash and cash equivalents at end of the period</b>	333,261	56,148

# Condensed Consolidated Financial Statements

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of 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.

# Condensed Consolidated Financial Statements

## 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:

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

# Condensed Consolidated Financial Statements

## 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 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>(a) Finance costs:</b>		
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>(b) Staff costs (including Directors' remuneration):</b>		
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
<b>Total staff costs</b>	15,812	15,023
<b>(c) Other items:</b>		
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)	—

# Condensed Consolidated Financial Statements

## 4. Profit before taxation — Continued

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

	For the six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>(a) Finance costs:</b>		
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>(b) Staff costs (including Directors' remuneration):</b>		
Directors' remuneration (including retirement benefit scheme contributions)	—	150
Other staff costs	—	2,416
	—	2,566
<b>(c) Other items:</b>		
Depreciation for property, plant and equipment	—	1,924
Interest income	—	(18)

# Condensed Consolidated Financial Statements

## 5. Income tax

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

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, Hebei 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").



# Condensed Consolidated Financial Statements

## 5. Income tax — Continued

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

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

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

## 6. Interim dividend

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

# Condensed Consolidated Financial Statements

## 7. Earnings/(losses) per share — Continued

### (a) *Basic earnings/(losses) per share* — Continued

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 '000 (unaudited)	2015 '000 (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.

# Condensed Consolidated Financial Statements

## 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.

# Condensed Consolidated Financial Statements

## 8. Segment reporting — Continued

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

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

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

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

For the period ended 30 June 2016 (unaudited):

	Continuing operations		Discontinued operation		Total RMB'000
	Wind farm operations RMB'000	Un-allocated RMB'000	Sub-total RMB'000	Construction contracts 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

# Condensed Consolidated Financial Statements

## 8. Segment reporting — Continued

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

For the period ended 30 June 2015 (unaudited):

	Continuing operations		Discontinued operation		Total RMB'000
	Wind farm operations RMB'000	Un-allocated RMB'000	Sub-total RMB'000	Construction contracts 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)

# Condensed Consolidated Financial Statements

## 8. Segment reporting — Continued

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

	Continuing operations		Discontinued operation		Total RMB'000
	Wind farm operations RMB'000	Un-allocated RMB'000	Sub-total RMB'000	Construction contracts 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)

# Condensed Consolidated Financial Statements

## 8. Segment reporting — Continued

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

Other segment information:

	Continuing operations		Sub-total RMB'000	Discontinued operation	Total RMB'000
	Wind farm operations RMB'000	Un-allocated RMB'000		Construction contracts 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

# Condensed Consolidated Financial Statements

## 8. 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.

## 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	As at 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Cost of unlisted investment in an associate	74,352	9,853
Share of post-acquisition profit	68	2
	<b>74,420</b>	<b>9,855</b>

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%.



# Condensed Consolidated Financial Statements

## 10. Interest in an associate — Continued

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. Available-for-sale investments

	As at 30 June 2016 RMB'000 (unaudited)	As at 31 December 2015 RMB'000 (audited)
Unlisted equity security, at cost	6,229	6,229

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

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

For the available-for-sale investments of the Group, the management reviews the latest investee's financial position, observable data such as net asset value per share and consequently considers no objective evidence of impairment was identified at 30 June 2016. Accordingly, the Directors of the Company consider no impairment should be recognised during the period ended 30 June 2016.

# Condensed Consolidated Financial Statements

## 12. Trade and other receivables

		As at 30 June 2016 <i>RMB'000</i> (unaudited)	As at 31 December 2015 <i>RMB'000</i> (audited)
Trade receivables	(i)	102,643	87,599
Other receivables		217,262	81,858
<i>Less:</i> allowance for doubtful debts		(6,454)	(6,307)
	(ii)	210,808	75,551
Loan receivables		45,078	90,603
<i>Less:</i> 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

# Condensed Consolidated Financial Statements

## 12. Trade and other receivables — Continued

- (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	As at 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (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
	<b>102,643</b>	<b>87,599</b>

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.

## 13. Cash and cash equivalents

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

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

# Condensed Consolidated Financial Statements

## 14. Trade and other payables

	As at 30 June 2016	As at 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (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	—
<b>Financial liabilities measured at amortised cost</b>	<b>104,059</b>	<b>96,873</b>

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	As at 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (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
	<b>7,536</b>	<b>11,924</b>

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.

# Condensed Consolidated Financial Statements

## 15. Borrowings

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

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

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.

# Condensed Consolidated Financial Statements

## 15. Borrowings — Continued

(ii) Subscription details of bonds issued as at 30 June 2016:

Subscriber	Principal amount of Corporate Bonds issued	Date of issue
LIU Wei	HKD10,000,000.00	14 July 2014
GUO Jie	HKD5,000,000.00	17 October 2014
WANG Jin	HKD9,980,914.15	3 December 2014
XIN Siyang	HKD10,000,000.00	11 December 2014
GU Kaihuai	HKD2,000,000.00	19 December 2014
HU Chunmei	HKD5,000,000.00	30 December 2014
ZHAO Wei	HKD3,000,000.00	13 January 2015
HOU Zekuan	HKD2,000,000.00	13 January 2015
HE Yue	HKD2,000,000.00	21 January 2015
MAO Tingting	HKD4,000,000.00	28 January 2015
KONG Haijun	HKD11,000,000.00	2 February 2015
LI Sufeng	HKD11,000,000.00	13 February 2015
LIU Meina	HKD3,000,000.00	13 February 2015
Mr. YANG	HKD3,000,000.00	16 February 2015
WANG Jun	HKD10,000,000.00	16 March 2015
HOU Shuhai	HKD2,000,000.00	26 March 2015
Mr. YANG	HKD5,000,000.00	27 March 2015
CHEN Xuemei	HKD3,000,000.00	17 April 2015
WANG Ying	HKD3,000,000.00	17 April 2015
YE Guanhua	HKD2,000,000.00	24 April 2015
SUN Ying	HKD2,000,000.00	30 April 2015
WANG Shuai	HKD10,100,000.00	15 May 2015
WANG Lidong	HKD2,000,000.00	22 May 2015
WANG Shunli	HKD2,000,000.00	3 June 2015
DING Chun	HKD2,000,000.00	18 June 2015
YU Wei	HKD10,155,429.72	20 July 2015
MEI Lin	HKD5,000,000.00	28 July 2015
WANG Haoran	HKD2,000,000.00	27 August 2015
YU Huiqun	HKD3,000,000.00	27 August 2015
WANG Dongxing	HKD2,000,000.00	19 January 2016
AN Qian	HKD4,000,000.00	8 March 2016
ZHANG Qian	HKD1,000,000.00	17 March 2016
XU Lingfeng	HKD3,000,000.00	24 March 2016
HUANG Lijun	HKD1,000,000.00	15 June 2016

# Condensed Consolidated Financial Statements

## 15. Borrowings — Continued

### (iii) *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.

# Condensed Consolidated Financial Statements

## 15. Borrowings — Continued

### (iii) *Convertible notes* — Continued

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

	Liability component <i>RMB'000</i>	Equity component <i>RMB'000</i>	Total <i>RMB'000</i>
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



# Condensed Consolidated Financial Statements

## 16. Share capital

	As at 30 June 2016		As at 31 December 2015	
	No. of shares '000 (unaudited)	Amount RMB'000 (unaudited)	No. of shares '000 (audited)	Amount RMB'000 (audited)
<b>Authorised:</b>				
Ordinary shares of HKD0.01 each (note i)	10,000,000	87,912	2,000,000	20,400
<b>Ordinary shares, issued and fully paid:</b>				
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 places 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.

# Condensed Consolidated Financial Statements

## 17. Business Combination

### *Acquisition of 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 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:

	<b>Acquirees' fair value at acquisition date</b> <i>RMB'000</i> (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)
<b>Net assets acquired</b>	<b>9,305</b>
Goodwill arising on acquisition:	
Consideration transferred	10,000
<i>Less: Net assets acquired</i>	<i>(9,305)</i>
<b>Goodwill arising on acquisition</b>	<b>695</b>
Satisfied by:	
Cash consideration	10,000
Net cash outflow arising on acquisition:	
Cash consideration	(10,000)
<i>Less: Cash and bank balances acquired</i>	<i>4,736</i>
	<b>(5,264)</b>

# Condensed Consolidated Financial Statements

## 18. Disposal of a subsidiary

Details of the subsidiary, Langcheng, disposed of during the six months ended 30 June 2016 are set out below:

	<b>2016</b>
	<i>RMB'000</i>
	(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
<b>Total consideration</b>	<b>110,000</b>

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.

# Condensed Consolidated Financial Statements

## 19. Commitments

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

	As at 30 June 2016	As at 31 December 2015
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (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
	<b>429,856</b>	<b>743,567</b>

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

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

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# Condensed Consolidated Financial Statements

## **20. 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 issued share capitals of certain subsidiaries were pledged for borrowings obtained by the Group.

## **21. 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.