



# China Ruifeng Renewable Energy Holdings Limited

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



INTERIM REPORT 2017



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# Company Information



Company Name: China Ruifeng Renewable Energy Holdings Limited  
Place of Listing: The Stock Exchange of Hong Kong Limited  
Stock Code: 527

## EXECUTIVE DIRECTORS

Mr. Zhang Zhixiang (*Chief Executive Officer*)  
Mr. Ning Zhongzhi  
Mr. Li Tian Hai  
Mr. Peng Ziwei

## 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

Ms. Cheng Sau Man (*resigned on 2 June 2017*)  
Mr. Yeung Tze Long (*appointed on 2 June 2017*)

## AUTHORISED REPRESENTATIVES

Mr. Zhang Zhixiang  
Ms. Cheng Sau Man (*resigned on 2 June 2017*)  
Mr. Yeung Tze Long (*appointed on 2 June 2017*)



# 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  
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 2017 together with the comparative figures of the corresponding period in 2016:

	For the six months ended 30 June		Increase/ (decrease) RMB'000	Approximate change in percentage %
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)		
Revenue	196,204	221,911	(25,707)	(12)
Gross profit	105,363	123,786	(18,423)	(15)
Profit from operations	110,166	137,667	(27,501)	(20)
Profit before taxation	54,450	71,514	(17,064)	(24)
Profit for the period	30,426	48,843	(18,417)	(38)
Attributable to:				
Equity shareholders of the Company	10,099	22,104	(12,005)	(54)
Non-controlling interests	20,327	26,739	(6,412)	(24)
Profit for the period	30,426	48,843	(18,417)	(38)
			As at 30 June 2017 (unaudited)	As at 31 December 2016 (audited)
Net cash/(debts) (RMB'000) (note)			(1,266,253)	(1,286,848)
Net assets (RMB'000)			919,505	916,475
Liquidity ratio			107%	101%
Trade receivable turnover (number of days)			122	102
Trade payable turnover (number of days)			55	36
Earning interest multiple			1.95	1.09
Net debt to equity ratio			138%	140%

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 2017 (the "Reporting Period").

## BUSINESS REVIEW

For the first half of 2017, the total sales of the Group decreased by 12% to approximately RMB196,204,000 as compared to the corresponding period last year of approximately RMB221,911,000. The fall in the sales of electricity generated of the Group was mainly due to the disposal of Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng") by the Group on 3 May 2016 which contributed revenue amounting to approximately RMB22,148,000 for the corresponding period last year. For the Reporting Period, the Group's revenue was mainly derived from Heibei Hongsong Wind Power Co., Ltd. ("Hongsong"), an indirectly non-wholly owned subsidiary of the Company and the Group's primary operation arm of wind farms in China, which contributed a stable stream of revenue and profits to the Group as compared with that of the corresponding period last year.

The fall in the profit for the Reporting Period by 38% to approximately RMB30,426,000 as compared to approximately RMB48,843,000 of the corresponding period last year was mainly due to an one-off gain on disposal of Langcheng of approximately RMB17,009,000 being recognised in the corresponding period last year while no such item was noted for the Reporting Period.

The Group will continue to consolidate and streamline its existing renewable energy business portfolio in order to enlarge its operational scale and to strengthen the respective efficiency, and pour sufficient resources into the wind power and other renewable power development projects with a view to create better and stable returns for the Shareholders and investors.

### (1) Wind Farms Operations

#### *Hongsong's wind farm projects*

Upon completion and commencement of operation of the Phase 9 Project – The Yuanhui Project of Hongsong in the previous years, the wind farms of Hongsong have been operating at a relatively full scale and generated a steady stream of sales of electricity for the Group.



# Chief Executive Officer's Statement



## ***Baotou Yinfeng's wind farm projects***

Baotou City Yinfeng Huili New Energy Investment Limited ("Baotou Yinfeng") is a subsidiary of the Company being acquired in the first half of 2016, which possesses a wind farm in Baotou City of Inner Mongolia with 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. For the Reporting Period, Baotou Yinfeng Phase 1 Project is still under construction which is expected to be completed in the coming years and would contribute to the Group's revenue from the operation of wind farms in the future.

## **(2) Finance Leasing Business**

To broaden the sources of revenue, the Group had started to diversify its operation from the second half of 2015, by entering 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. Qianhai Jiefeng is an associated company of the Company and starts to contribute profits to the Group for the Reporting Period.

## **OPERATING ENVIRONMENT**

According to the first half year electricity operating data released by the Development and Reform Commission this year, the national electricity consumption for the first half of 2017 in PRC was 2.95 trillion kwh, increased by 6.3% as compared with the corresponding period last year with the growth rate picking up 3.06 percentage points from the corresponding period last year. The second and tertiary industries electricity consumption grew by 6.1% and 9.3% respectively, with the growth rate picking up by 5.6 and 0.1 percentage points whereas the first industry and residential household electricity consumption grew by 7.2% and 4.5% respectively, representing a decline in the growth rate by 0.6 and 3.2 percentage points.

In the first half of 2017, an additional grid capacity of wind power in the PRC was 6.01 million kilowatts. By the end of June, the cumulative grid capacity of wind power has reached 154 million kilowatts, growing by 12% as compared with the corresponding period last year. Further, the electricity of wind power generated was approximately 149 billion kwh, growing by 21% year on year. The average utilisation hours were approximately 984 hours, increasing 67 hours from the same period of last year. On the other hand, the abandoned wind power was 23.5 billion kwh, decreasing 9.1 billion kwh year on year, reflecting an obvious turnaround of wind curtailment and discard.





# Chief Executive Officer's Statement



Considering macro economic situation, the temperature and base parameters, swift increase in electricity consumption could be attributable to four major reasons: firstly, the general continual favourable momentum of the macroeconomy has fueled the accelerated recuperation of key indices such as the output growth of industries, total retail sales of consumer goods, infrastructure investments and foreign trading and exports. Secondly, with an improvement in the demand and supply relationship on the industrial goods market and the rebound in market prices, the corporate production environment has experienced an evident recovery, which in turn has driven the growth in electricity consumption. Thirdly, new techniques and emerging industries including the high technology industry and the equipment manufacturing industry have been riding on the expedited growth of novel industrial environments, contributing to the prominent growth in electricity consumption and gradually forming another important force for facilitating the electricity consumption across the entire society. Last but not least, the base parameters in the corresponding period last year were low.

It is fair to say that the Company is going towards the same direction with the political and industrial environment trend, and hence there will be further growth for the Company's wind farms operation.

The continuous focus of the PRC government on 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. 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 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 2016 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



## Chief Executive Officer's Statement



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 bring better returns to the Shareholders and investors through sound and pragmatic development strategies.

*Chief Executive Officer*  
**Zhang Zhixiang**

Hong Kong, 29 August 2017



# Management Discussion and Analysis

## FINANCIAL REVIEW

During the Reporting Period, the Group was principally engaged in wind farms operation through its subsidiary Hongsong.

For the six months ended 30 June 2017, the Group's revenue from its wind farms operation amounted to approximately RMB196,204,000 (for the six months ended 30 June 2016: approximately RMB221,911,000). Gross profit decreased by approximately 15% to approximately RMB105,363,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately RMB123,786,000). The net profit for the Reporting Period was approximately RMB30,426,000 (for the six months ended 30 June 2016: approximately RMB48,843,000). The decrease in net profit for the Reporting Period was mainly due to an one-off gain on disposal of Langcheng of approximately RMB17,009,000 being recognised in the corresponding period last year while no such item was noted for the six months ended 30 June 2017.

### Revenue

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

Revenue from wind farms operation for the six months ended 30 June 2017 was approximately RMB196,204,000, representing a decrease of approximately 12% as compared with approximately RMB221,911,000 of the corresponding period of 2016. The decrease was mainly due to the revenue of approximately RMB22,148,000 for the corresponding period last year contributed by Langcheng which was disposed of by the Group on 3 May 2016. For the Reporting Period, the Group's revenue were mainly derived by Hongsong which contributed a stable source of revenue to the Group.

### Cost of Sales

Cost of sales mainly includes the cost of raw materials, staff costs, depreciation, water, electricity, gas and other ancillary materials for wind farms operation. Cost of sales for the six months ended 30 June 2017 was approximately RMB90,841,000, representing approximately 46% of the Group's revenue from wind farms operation, which showed a slight increase as compared to approximately 44% for the corresponding period of 2016.



# Management Discussion and Analysis



## Gross Profit

Gross profit from wind farms operation for the six months ended 30 June 2017 decreased by approximately 15% to approximately RMB105,363,000 (for the six months ended 30 June 2016: approximately RMB123,786,000), which was mainly due to the decrease in electricity sales for the reason mentioned in the paragraph headed “Revenue” above while Hongsong has maintained a relatively constant cost to sales ratio for the Reporting Period.

## Other Revenue and Net Income

Other revenue and net income from wind farms operation mainly comprised (i) the tax refund from government (for the six months ended 30 June 2017: approximately RMB18,126,000; for the six months ended 30 June 2016: approximately RMB14,896,000); and (ii) interest income (for the six months ended 30 June 2017: approximately RMB5,679,000; for the six months ended 30 June 2016: approximately RMB2,857,000). The significant decrease in other revenue and net income for the Reporting Period was mainly due to the one-off gain on disposal of Langcheng of approximately RMB17,009,000 being recognised in the corresponding period of 2016 while no such item was noted in the Reporting Period.

## Administrative Expenses

Administrative expenses for the Reporting Period mainly included salaries and welfare expenses, professional fees, entertainment expenses, travelling expenses, insurance expenses and other taxation expenses. It decreased by approximately 13% to approximately RMB18,299,000 for the six months ended 30 June 2017 when compared with approximately RMB21,055,000 for the six months ended 30 June 2016. The decrease was mainly due to the cost-tightening measurements taken by the management of the Company during the Reporting Period.

## Finance Costs

Finance costs for the Reporting Period referred to interest expenses, bank charges and related exchange differences of the Group’s borrowings including bank loans obtained, bonds and convertible notes issued by the Group. It amounted to approximately RMB57,039,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately RMB66,219,000). The decrease was mainly due to the repayments of borrowings.



# Management Discussion and Analysis

## **Taxation**

Taxation increased from approximately RMB22,671,000 for the six months ended 30 June 2016 to approximately RMB24,024,000 for the six months ended 30 June 2017. The balance mainly represented enterprise income tax provision of Hongsong which was comparable to that of the corresponding period last year. The slight increase for the Reporting Period was mainly due to a slight increase in income tax provision of Hongsong for the Reporting Period, net of a reversal of deferred tax liabilities of approximately RMB3,665,000 (for the six months ended 30 June 2016: approximately RMB1,900,000); and a withholding tax provision of approximately RMB2,150,000 in respect to the dividends declared by a subsidiary of the Group (for the six months ended 30 June 2016: Nil).

## **Net Profit for the Reporting Period**

The net profit for the Reporting Period was approximately RMB30,426,000 (for the six months ended 30 June 2016: approximately RMB48,843,000). Apart from the above-mentioned one-off gain on disposal of Langcheng, the net profit for the Reporting Period was comparable to that of the corresponding period last year.

## **Share Capital**

As at 30 June 2017, the total number of issued shares capital of the Company comprised 1,799,140,800 ordinary shares of HKD0.01 each (31 December 2016: 1,799,140,800 ordinary shares of HKD0.01 each).

## **Liquidity and Financial Resources**

The cash and bank balances as at 30 June 2017 and 31 December 2016 amounted to approximately RMB166,804,000 (mainly denominated in Renminbi (“RMB”), United States dollar (“USD”) and Hong Kong dollar (“HKD”) of approximately RMB160,951,000, USD57,000 and HKD6,295,000), and approximately RMB266,841,000, respectively.

Total borrowings of the Group as at 30 June 2017 amounted to approximately RMB1,433,057,000, representing a decrease of approximately RMB120,632,000 when compared with approximately RMB1,553,689,000 as at 31 December 2016. The decrease was mainly due to repayments of bank borrowings during the Reporting Period.



# Management Discussion and Analysis



The Group repaid its debts mainly through steady recurrent cash-flows generated by its operations and by other financing. The Group's gearing ratio as at 30 June 2017 was approximately 0.64 which was comparable to approximately 0.65 as at 31 December 2016. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the six months ended 30 June 2017, 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 RMB1,433,057,000 as at 30 June 2017 (31 December 2016: RMB1,553,689,000). Among the interest bearing borrowings of the Group, approximately RMB331,925,000 were fixed rate loans, while RMB1,101,132,000 were variable rate loans. The Group had not engaged in any hedging facility against interest rate fluctuations for the six months ended 30 June 2017 and up to the date of this report, as the Board considered that the cost of any hedging policy would be higher than the potential risk of the costs being incurred from interest rate fluctuations in individual transactions.

## **Exposure to fluctuation in exchange rates**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management will monitor the Group's foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise and appropriate instrument be available.

## **Issuing of Corporate Bonds**

During the Reporting Period, the Company issued additional non-listing corporate bonds (the "Bonds") to investors in an aggregate principal amount of HKD18,500,000 with maturity period ranging from 1 year to 7 years, and bearing fixed interest rate at 6% to 7% per annum.

The Company intends to use the net proceeds from the Bonds issued for general working capital of the Group. As at 30 June 2017 and 31 December 2016, principal amount of approximately HKD173,736,000 and HKD155,236,000 of the Bonds had been issued, respectively.



# Management Discussion and Analysis



## Capital Raising

During the Reporting Period, the Group did not have any capital raising activity.

## Material Acquisitions and Disposal

There were no material acquisition and disposal of subsidiaries and associated companies by the Group for the six months ended 30 June 2017.

## Financial Guarantee to Langcheng

On 3 May 2016, Hongsong entered into the capital increase agreement (the “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 Zhuoneng 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 was increased from RMB92,000,000 to RMB180,000,000, and the equity interest of Hongsong in Langcheng was diluted from 95% to 48.56%. On the even date, Hongsong entered into the equity transfer agreement (the “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 (the “Sale Equity Interest”) at a consideration of RMB110,000,000 (the “LC Disposal”). Upon completion of the LC Disposal, Mr. Wang held 95% equity interest of Langcheng and Langcheng ceased to be a subsidiary of the Company. As such, the financial results of Langcheng would not be consolidated into the Group. The consideration was ultimately fixed at RMB108,900,000 upon mutually agreed by the involved parties.

Prior to the execution of the Equity Transfer Agreement, Hongsong had (i) provided a guarantee (the “Hongsong’s Guarantee”) for Langcheng’s loan from a PRC bank (the “PRC Bank”) of RMB360,000,000 for the project(s) undertaken by Langcheng; and (ii) pledged the Sale Equity Interest for a loan of RMB110,000,000 borrowed by it (the “Tianxin’s Loan”) from Tianxin International Company Limited (“Tianxin”).

\* For identification purposes only



## Management Discussion and Analysis



As agreed, Hongsong assisted Mr. Wang to proceed with the necessary registration procedures for transfer of the Sale Equity Interest. Upon completion of the registration procedures, Mr. Wang pledged the Sale Equity Interest to Tianxin as a security (the “Wang’s Guarantee”) for Tianxin’s Loan until such loan (including accrued interest thereof) being fully repaid by Hongsong.

Mr. Wang had also pledged his 46.44% equity interest in Langcheng (which was derived from his capital injection of RMB83,600,000 in Langcheng pursuant to the Capital Increase Agreement) on 30 November 2016 to Hongsong as a counter-guarantee (the “Counter-guarantee”) for Hongsong’s Guarantee until such guarantee being discharged. As there was a difference of RMB250,000,000 between Hongsong’s Guarantee of RMB360,000,000 and Wang’s Guarantee of RMB110,000,000, Mr. Wang agreed to pay a guarantee fee to Hongsong at 0.1% per annum of the guarantee difference of RMB250,000,000 until Hongsong’s Guarantee being discharged. Unless otherwise agreed by the parties, Mr. Wang should not transfer any of his equity interest in Langcheng to other party before (i) Hongsong’s Guarantee being discharged and (ii) full repayment of Tianxin’s Loan. In the event that Hongsong obtains early discharge of Hongsong’s Guarantee but has yet to fully repay Tianxin’s Loan, Hongsong should (i) give its consent to the release of Wang’s Guarantee; or (ii) pay a guarantee fee to Mr. Wang at 0.1% per annum of the Wang’s Guarantee of RMB110,000,000. The guarantee fee is determined after arm’s length negotiation between the parties and would be revisited by the parties when necessary. Mr. Wang undertook to use his best efforts to negotiate with the PRC Bank or by any other way, to discharge the Hongsong’s Guarantee as soon as possible.

As at 30 June 2017 and up to the date of this report, the Hongsong’s Guarantee has not yet been discharged, and the parties continued to endeavor their best efforts to proceed for the release of Hongsong’s Guarantees and Wang’s Guarantee, respectively.

Please refer to the announcements of the Company dated 3 May 2016, 30 November 2016 and 31 May 2017 for further details of the aforesaid transactions.

\* For identification purposes only





# Management Discussion and Analysis



## **Pledge of Assets**

As at 30 June 2017, the Group has pledged certain property, plant and equipment and certain leasehold land including in lease prepayments with a carrying value of approximately RMB989,201,000 in total (31 December 2016: approximately RMB1,035,576,000), and trade and other receivables with a carrying value of approximately RMB155,832,000 (31 December 2016: approximately RMB127,555,000) as security for the borrowings obtained by the Group.

As at 30 June 2017, certain amounts of the issued share capital of subsidiaries of the Company were pledged for borrowings obtained by the Group as well.

## **Contingent Liabilities**

As at 30 June 2017, the Group had no material contingent liabilities.

## **Employees and Remuneration Policies**

As at 30 June 2017, the Group had approximately 140 full-time employees (31 December 2016: approximately 140 employees) in Hong Kong and the PRC in respect of the Group's operations. For the six months ended 30 June 2017, the relevant staff costs (including Directors' remuneration) were approximately RMB15,587,000 (for the six months ended 30 June 2016: approximately RMB15,812,000). 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 2017, 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 2017, 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 2017, 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 2017, Diamond Era was interested in 539,562,325 shares of the Company. Diamond Era is wholly-owned by Mr. Zhang, an executive Director.



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 2017 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 2017.

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 2017.

## Other Information

### INTERIM DIVIDEND

The Directors do not recommend any payment of interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

### 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 2017.

### SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the Shareholders on 1 June 2015, a share option scheme (the "Scheme") was adopted by the Company to provide incentives and rewards to eligible persons for their contribution or potential contribution to the Group. The Scheme shall be valid for 10 years from 1 June 2015 and the particulars of the Scheme were set out in the 2016 Annual Report of the Company.

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 Scheme during the six months ended 30 June 2017:

Name and category of participant	Number of unlisted share options					As at 30 June 2017	Grant date	Exercise period (Note 1)	Exercise price per share	Price per share at grant date
	As at 1 January 2017	Granted during the period	Cancelled/ lapsed during the period	Exercised during the period						
<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	
<b>Other employees</b>										
In aggregate	31,500,000	—	—	—	31,500,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1	

## Other Information



### Number of unlisted share options

Name and category of participant	As at 1 January 2017	Cancelled/			As at 30 June 2017	Grant date	Exercise period (Note 1)	Exercise price per share	Price per share at grant date
		Granted during the period	lapsed during the period	Exercised during the period					
<b>Ex-director</b>									
Zheng Xian Tao (Note 2)	4,620,000	—	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Li Baosheng (Note 3)	4,620,000	—	—	—	4,620,000	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 resigned as an executive Director on 20 June 2016.
- (3) Mr. Li Baosheng resigned as the Chairman of the Board of Directors and an executive Director on 6 November 2015.

## SUFFICIENCY OF PUBLIC FLOAT

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

## REMUNERATION COMMITTEE

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



## Other Information



### NOMINATION COMMITTEE

The Company has set up a nomination committee which is comprised of Mr. 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 comprises Ms. Wong Wai Ling (chairman), Mr. Qu Weidong and Ms. Hu Xiaolin as at the date of this report, all being 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 2017. The Audit Committee has also discussed matters such as internal control and risk management adopted by the Group and the financial reporting matters of the Group for the six months ended 30 June 2017.

# Condensed Consolidated Financial Statements



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Note	For the six months ended 30 June	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
<b>Revenue</b>	3	196,204	221,911
Cost of sales		(90,841)	(98,125)
<b>Gross profit</b>		105,363	123,786
Other revenue and net income		23,102	34,936
Administrative expenses		(18,299)	(21,055)
<b>Profit from operations</b>		110,166	137,667
Finance costs	4	(57,039)	(66,219)
Share of profits less losses of associates		1,592	66
Share of loss of a joint venture		(269)	—
<b>Profit before taxation</b>	4	54,450	71,514
Income tax	5	(24,024)	(22,671)
<b>Profit for the period</b>		30,426	48,843
<b>Attributable to:</b>			
Equity shareholders of the Company		10,099	22,104
Non-controlling interests		20,327	26,739
<b>Profit for the period</b>		30,426	48,843
<b>Basic and diluted earnings per share attributable to the equity shareholders of the Company during the period</b>	7	0.006	0.014



# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Profit for the period</b>	30,426	48,843
<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	3,313	6,153
<b>Other comprehensive income for the period (net of tax)</b>	3,313	6,153
<b>Total comprehensive income for the period</b>	33,739	54,996
<b>Total comprehensive income attributable to:</b>		
Equity shareholders of the Company	13,412	28,257
Non-controlling interests	20,327	26,739
<b>Total comprehensive income for the period</b>	33,739	54,996

# Condensed Consolidated Financial Statements



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		As at 30 June 2017	As at 31 December 2016
	Note	RMB'000 (unaudited)	RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	1,706,908	1,784,627
Lease prepayments		10,605	10,803
Interest in associates	10	79,297	77,306
Interest in a joint venture	11	8,325	8,594
Available-for-sale investments	12	16,229	6,229
		<b>1,821,364</b>	<b>1,887,559</b>
<b>Current assets</b>			
Trading securities		6,629	7,806
Trade and other receivables	13	521,957	461,374
Lease prepayments		398	398
Cash and cash equivalents	14	166,804	266,841
		<b>695,788</b>	<b>736,419</b>
<b>Current liabilities</b>			
Trade and other payables	15	128,045	112,165
Borrowings	16	516,522	611,011
Current taxation		5,439	6,886
		<b>650,006</b>	<b>730,062</b>

# Condensed Consolidated Financial Statements

		As at 30 June 2017	As at 31 December 2016
	Note	RMB'000 (unaudited)	RMB'000 (audited)
<b>Net current assets</b>		45,782	6,357
<b>Total assets less current liabilities</b>		1,867,146	1,893,916
<b>Non-current liabilities</b>			
Borrowings	16	916,535	942,678
Deferred tax liabilities		31,106	34,763
		947,641	977,441
<b>Net assets</b>		919,505	916,475
<b>Capital and reserves</b>			
Share capital	17	15,677	15,677
Reserves		649,056	635,646
<b>Total equity attributable to equity shareholders of the Company</b>		664,733	651,323
<b>Non-controlling interests</b>		254,772	265,152
<b>Total equity</b>		919,505	916,475

Approved and authorised for issue by the board of Directors on 29 August 2017.

**Zhang Zhixiang**  
Director

**Peng Ziwei**  
Director

# Condensed Consolidated Financial Statements



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	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 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
<b>Balance at 1 January 2017 (audited)</b>	15,677	1,454,336	28,828	(1,626)	21,147	28,661	(895,700)	651,323	265,152	916,475
Profit for the period	—	—	—	—	—	—	10,099	10,099	20,327	30,426
Other comprehensive income										
— Exchange differences on translation of financial statements of operations outside the PRC	—	—	—	3,313	—	—	—	3,313	—	3,313
<b>Total comprehensive income</b>	—	—	—	3,313	—	—	10,099	13,412	20,327	33,739
Transfer to statutory reserves	—	—	7,688	—	—	—	(7,688)	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	(2)	(2)	(98)	(100)
Dividends to non-controlling interests	—	—	—	—	—	—	—	—	(30,609)	(30,609)
<b>Balance at 30 June 2017 (unaudited)</b>	15,677	1,454,336	36,516	1,687	21,147	28,661	(893,291)	664,733	254,772	919,505

# Condensed Consolidated Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	RMB'000 (unaudited)	RMB'000 (unaudited)
Net cash generated from operating activities	66,700	109,045
Net cash used in investing activities	(34,658)	(181,922)
Net cash (used in)/generated from financing activities	(132,234)	249,249
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(100,192)</b>	<b>176,372</b>
Cash and cash equivalents at beginning of the period	266,841	143,747
Effect of foreign exchange rate changes	155	13,142
<b>Cash and cash equivalents at end of the period</b>	<b>166,804</b>	<b>333,261</b>



# Condensed Consolidated Financial Statements



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited condensed consolidated interim financial information (the “Interim Financial Statements”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Interim Financial Statements do not include all the information and disclosure required in the full set of financial statements prepared in accordance with the Hong Kong Financial Standards (“HKFRSs”), and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2016.

### 2. Significant accounting policies

The Interim 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 Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016, except for the adoption of “HKFRSs” issued by the HKICPA which are effective to the Group for accounting periods beginning on or after 1 January 2017 as described below:

- Amendments to HKAS 7 — Statement of cash flows “Disclosure initiative”
- Amendments to HKAS 12 — Income taxes “Recognition of deferred tax assets for unrealised losses
- Annual Improvements to HKFRSs 2014-2016 Cycle — Amendment to HKFRS 12, Disclosure of interests in other entities

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.

Revenue for the period represents sales of electricity power generated from wind farms. The amount of revenue recognised during the period is as follows:

	For the six months ended 30 June	
	2017	2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Sales of electricity	196,204	221,911

# Condensed Consolidated Financial Statements



## 4. Profit before taxation

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

	For the six months ended 30 June	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
<b>(a) Finance costs:</b>		
Interest expenses on bank and other loans	37,695	50,098
Interest expenses on bonds	6,740	5,747
Interest expenses on convertible notes	19,016	1,289
Others	(6,412)	9,085
Interest expenses on financial liabilities not at fair value through profit or loss	57,039	66,219
<b>(b) Staff costs (including Directors' remuneration):</b>		
Directors' remuneration (including retirement benefit scheme contributions)	2,393	2,280
Other staff costs	13,080	13,306
Retirement benefit scheme contributions (excluding Directors)	114	226
<b>Total staff costs</b>	<b>15,587</b>	<b>15,812</b>
<b>(c) Other items:</b>		
Amortisation of lease prepayments	199	245
Depreciation of property, plant and equipment	78,943	82,973
Operating lease charges	1,990	1,669
Interest income	(5,679)	(2,857)
Gain on disposal of a subsidiary <sup>#</sup>	—	(17,009)
Government subsidy income in respect to the value added tax refund	(18,126)	(14,896)

<sup>#</sup> Being gain on disposal of Langcheng on 3 May 2016. Please refer to 2016 interim report and 2016 annual report of the Company for details.



# Condensed Consolidated Financial Statements

## 5. Income tax

	For the six months ended 30 June	
	2017	2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Taxation expenses include:		
PRC Enterprise Income Tax	25,539	24,571
Deferred tax	(3,665)	(1,900)
Withholding tax	2,150	—
	<b>24,024</b>	<b>22,671</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 (for the six months ended 30 June 2016: 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 with projects which were 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 were 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 were 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 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 any distribution of an interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil).

## 7. Earnings per share

### (a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2017 of approximately RMB10,099,000 (for the six months ended 30 June 2016: approximately RMB22,104,000).

# Condensed Consolidated Financial Statements

## 7. Earnings per share — Continued

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

The weighted average of approximately 1,799,141,000 ordinary shares (for the six months ended 30 June 2016: approximately 1,627,794,000) in issue during the period, calculated as follows:

#### (i) *Weighted average number of ordinary shares*

	For the six months ended 30 June	
	2017 '000 (unaudited)	2016 '000 (unaudited)
Issued ordinary shares as at 1 January	1,799,141	1,499,284
Effect of issue of shares upon open offer	—	128,510
Weighted average number of ordinary shares as at 30 June	1,799,141	1,627,794

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

Diluted earnings per share for the six months ended 30 June 2017 and 2016 is not presented because (i) the computation of diluted earnings 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 as at 30 June 2017 and 2016 has an anti-dilutive effect on the basic earnings per share.



# 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 among segments. For the relevant periods, the Group has one primary operating segment of wind farms operation. This segment uses wind turbine blades to generate electricity power in the PRC.

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

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

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

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

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 the individual segment, such as Directors' and auditors' remuneration and other head office or corporate administration costs.

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

# Condensed Consolidated Financial Statements

## 8. Segment reporting — Continued

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

Information regarding the Group's reportable segment as provided to the Group's chief executive management for the purposes of resource allocation and assessment of the segment performance for the six months ended 30 June 2017 and 30 June 2016 is set out below:

For the six months ended 30 June 2017 (unaudited):

	Wind farms operation RMB'000	Un-allocated RMB'000	Total RMB'000
Reportable segment revenue	196,204	—	196,204
Reportable segment profit	93,624	4,839	98,463
Central administrative costs	—	(13,818)	(13,818)
Central finance costs	—	(30,195)	(30,195)
Profit before taxation			54,450
Income tax			(24,024)
Profit for the period			30,426

For the six months ended 30 June 2016 (unaudited):

	Wind farms operation RMB'000	Un-allocated RMB'000	Total RMB'000
Reportable segment revenue	221,911	—	221,911
Reportable segment profit	112,466	1,209	113,675
Central administrative costs	—	(11,917)	(11,917)
Central finance costs	—	(30,244)	(30,244)
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

	Wind farms operation <i>RMB'000</i>	Un-allocated <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2017 (unaudited)			
Assets	2,245,768	183,762	2,429,530
Associates	863	78,434	79,297
Joint venture	—	8,325	8,325
Reportable segment assets	<b>2,246,631</b>	<b>270,521</b>	<b>2,517,152</b>
Reportable segment liabilities	<b>(1,018,055)</b>	<b>(579,592)</b>	<b>(1,597,647)</b>
As at 31 December 2016 (audited)			
Assets	2,409,806	128,272	2,538,078
Associates	599	76,707	77,306
Joint venture	—	8,594	8,594
Reportable segment assets	<b>2,410,405</b>	<b>213,573</b>	<b>2,623,978</b>
Reportable segment liabilities	<b>(1,000,359)</b>	<b>(707,144)</b>	<b>(1,707,503)</b>

# Condensed Consolidated Financial Statements

## 8. Segment reporting — Continued

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

Other segment information:

	Wind farms operation RMB'000	Un-allocated RMB'000	Total RMB'000
For the six months ended 30 June 2017 (unaudited)			
Depreciation and amortisation for the period	(78,695)	(447)	(79,142)
Interest income	2,538	3,141	5,679
Share of profits less losses of associates	(136)	1,728	1,592
Share of loss of a joint venture	—	(269)	(269)
Additions to non-current segment assets during the period	1,201	146	1,347
For the six months ended 30 June 2016 (unaudited)			
Depreciation and amortisation for the period	(82,723)	(495)	(83,218)
Interest income	931	1,926	2,857
Share of profits of an associate	—	66	66
Additions to non-current segment assets during the period	94,581	22	94,603

# Condensed Consolidated Financial Statements



## 8. Segment reporting — Continued

### (b) Geographic information

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

### (c) Information about a major customer

For the six months ended 30 June 2017, revenue of approximately RMB196,204,000 (for the six months ended 30 June 2016: approximately RMB221,911,000) was made to a single customer attributable to the wind farms operation segment comprising 100% (for the six months ended 30 June 2016: approximately 100%) of the total revenue of the Group.

## 9. Property, plant and equipment

For the six months ended 30 June 2017, the Group acquired property, plant and equipment (including construction in progress) amounting to approximately RMB1,347,000 (for the six months ended 30 June 2016: approximately RMB94,603,000, including acquisition of property, plant and equipment through acquisition of a subsidiary amounting to RMB116,000).

As at 30 June 2017, the net book value of the motor vehicle held under the finance lease of the Group was approximately RMB159,000 (31 December 2016: approximately RMB212,000).

## 10. Interest in associates

	As at 30 June 2017	As at 31 December 2016
	RMB'000 (unaudited)	RMB'000 (audited)
Costs of unlisted investment in associates	75,352	74,953
Share of post-acquisition profits	3,945	2,353
	<b>79,297</b>	<b>77,306</b>



# Condensed Consolidated Financial Statements

## 10. Interest in associates — Continued

Details of associates 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	Proportion of ownership interest			Principal activities
			Group's effective interest	Hold by the Company	Hold by a subsidiary	
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 USD24,725,696, has been paid up)	45.13%	—	49%	Financial leasing, purchase of leased assets, lease advisory and guarantees
紅松河北生物科技股份有限公司**	PRC	Registered capital RMB10,000,000 (of which RMB3,000,000 has been paid up)	20%	—	20%	Bio-technology promotion, food processing

\*\* private limited liability company

Interest in associates is accounted for using the equity method in the condensed consolidated financial statements.

## 11. Interest in a joint venture

	As at 30 June 2017	As at 31 December 2016
	RMB '000 (unaudited)	RMB '000 (audited)
Cost of unlisted investment in a joint venture	8,609	8,609
Share of post-acquisition profit	(284)	(15)
	8,325	8,594

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the condensed consolidated financial statements, are as follows:

Name of joint venture	Place of establishment and operation	Particulars of issued share capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Hold by the Company	Hold by a subsidiary	
Poly Wealth Securities Limited 保興滙財證券有限公司	Hong Kong	Issued share capital HK\$20,000,000	50%	—	50%	Trading of securities

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## 12. Available-for-sale investments

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Unlisted equity securities, at cost	16,229	6,229

This represents the Group's investments in unlisted equity securities of PRC companies which 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 six months ended 30 June 2017, the management has performed impairment review on the investments by reviewing the latest investees' financial position, their operating performance, and observable data such as net asset value per share and considered there's no objective evidence of impairment indicators being identified as at 30 June 2017. Accordingly, the Directors of the Company consider no impairment should be recognised during the six months ended 30 June 2017.

## 13. Trade and other receivables

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Trade receivables ( <i>note (i)</i> )	146,861	118,585
Other receivables	86,193	84,172
<i>Less:</i> allowance for doubtful debts	(6,000)	(6,000)
	80,193	78,172
Loan receivables	110,824	86,979
<i>Less:</i> allowance for doubtful debts	(9,000)	(9,000)
	101,824	77,979
Amount due from an associate	23,575	23,023
Amount due from a former subsidiary	31	1,645
Amount due from non-controlling interest	5,020	5,020
Loans and receivables	357,504	304,424
Prepayments and deposits	164,453	156,950
	521,957	461,374

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## 13. Trade and other receivables — Continued

- (i) No allowance for doubtful debts for trade receivables was recorded as at 30 June 2017 (31 December 2016: Nil). The ageing analysis of trade receivables is set out below:

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Within three months	144,832	46,121
More than three months but within one year	—	70,434
More than one year	2,029	2,030
	<b>146,861</b>	<b>118,585</b>

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

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

## 14. Cash and cash equivalents

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

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Cash and bank balances	166,804	243,990
Time deposits	—	22,851
Cash and cash equivalents	<b>166,804</b>	<b>266,841</b>

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## 15. Trade and other payables

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Trade payables	23,419	31,756
Other payables	104,209	80,224
Amounts due to Directors	417	185
<b>Financial liabilities measured at amortised cost</b>	<b>128,045</b>	<b>112,165</b>

The ageing analysis of trade payables as at 30 June 2017 and 31 December 2016 is set out below:

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Within three months	20	20,896
More than three months but within one year	18,436	4,231
More than one year	4,963	6,629
	<b>23,419</b>	<b>31,756</b>

All of the trade and other payables (including amounts due to Directors) are expected to be settled 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 approximates its fair value.

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## 16. Borrowings

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

	As at 30 June 2017	As at 31 December 2016
	RMB'000 (unaudited)	RMB'000 (audited)
Bank loans ( <i>note (i)</i> )	1,004,397	1,141,963
Bonds ( <i>note (ii)</i> )	135,851	120,311
Convertible notes ( <i>note (iii)</i> )	135,959	127,075
Other loans	156,735	164,176
Obligation under finance lease	115	164
	<b>1,433,057</b>	<b>1,553,689</b>
Analysis as:		
Current	516,522	611,011
Non-current	916,535	942,678
	<b>1,433,057</b>	<b>1,553,689</b>

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

### (i) Bank loans

As at 30 June 2017, the amount of the Group's bank borrowings decreased to approximately RMB1,004,397,000 (31 December 2016: approximately RMB1,141,963,000), which are all secured bank borrowings secured by the Group's certain property, plant and equipment, certain leasehold land including in lease prepayments, certain trade receivables, certain amount of issued share capital of subsidiaries of the Group, certain amount of the Company ordinary shares held by a substantial shareholder of the Company, and personal guarantee provided by a Director and his spouse to the extent of the indebtedness of certain bank loans.

# Condensed Consolidated Financial Statements



## 16. Borrowings — Continued

(ii) Subscription details of bonds issued as at 30 June 2017:

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
JIA Yanhong	HKD2,000,000.00	24 January 2017
ZHANG Min	HKD1,000,000.00	10 February 2017
MENG Xiumei	HKD3,000,000.00	20 February 2017
WU Renli	HKD1,000,000.00	21 February 2017
ZHENG Huanhuan	HKD2,000,000.00	22 February 2017
SO, Hui Yan	HKD500,000.00	18 April 2017
LI Fuxing	HKD1,000,000.00	25 April 2017
MIAO Aihua	HKD2,000,000.00	25 April 2017
HUANG Baoguang	HKD1,000,000.00	5 May 2017
LI Min	HKD1,000,000.00	5 May 2017
HUANG Baoguang	HKD2,000,000.00	16 May 2017
ZHOU Zhenwu	HKD1,000,000.00	23 May 2017
HUANG Baoguang	HKD1,000,000.00	23 May 2017

## 16. Borrowings — Continued

### (ii) Subscription details of bonds issued as at 30 June 2017: — Continued

As at 30 June 2017, the Company issued unsecured bonds in an aggregate principle amount of approximately HKD172,736,000 (31 December 2016: approximately HKD155,236,000) with maturity period of one to seven years (2016: three to seven years). The bonds carry fixed interest rate at 6%-7% (2016: 6%-7%) per annum and interest is payable in arrears yearly. As at 30 June 2017, the bonds are classified as current liabilities of approximately RMB2,194,000 and non-current liabilities of approximately RMB133,657,000 (31 December 2016: all bonds of approximately RMB120,311,000 were classified as non-current liabilities).

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

### (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 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.

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## 16. Borrowings — Continued

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

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 33.43% to the liability component.

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

	<b>Liability component</b>	<b>Equity component</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2016 (audited)	—	—	—
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)
Interests charged	1,289	—	1,289
Exchange realignment	1,186	—	1,186
<b>As at 30 June 2016 (unaudited)</b>	<b>110,493</b>	<b>28,661</b>	<b>139,154</b>
As at 1 January 2017 (audited)	<b>127,075</b>	<b>28,661</b>	<b>155,736</b>
Interests charged	<b>19,016</b>	—	<b>19,016</b>
Settlement of interests	<b>(6,022)</b>	—	<b>(6,022)</b>
Exchange realignment	<b>(4,110)</b>	—	<b>(4,110)</b>
<b>As at 30 June 2017 (unaudited)</b>	<b>135,959</b>	<b>28,661</b>	<b>164,620</b>



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## 17. Share capital

	As at 30 June 2017		As at 31 December 2016	
	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	10,000,000	87,912	10,000,000	87,912
<b>Ordinary shares, issued and fully paid:</b>				
At beginning of the period	1,799,141	15,677	1,499,284	13,182
Issue of shares upon open offer (note (ii))	—	—	299,857	2,495
At end of the period	1,799,141	15,677	1,799,141	15,677

### Notes:

- (i) Pursuant to the ordinary resolution passed by the shareholder of the Company at the extraordinary general meeting held on 25 February 2016, the authorised share capital of the Company is 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 of which details were set out in the Company's prospectus dated 17 March 2016. The ordinary shares in issue rank pari passu with the then existing ordinary shares in all respects.
- (iii) 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.

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## 18. Commitments

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

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Contracted for:		
Capital injection in subsidiaries	941,641	949,864
Capital injection in an associate	42,033	43,019
Acquisition of property, plant and equipment	196,837	196,381
	<b>1,180,511</b>	<b>1,189,264</b>

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

	As at 30 June 2017	As at 31 December 2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Within 1 year	3,491	2,315
After 1 year but within 5 years	2,285	1,642
	<b>5,776</b>	<b>3,957</b>

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## 19. Fair value measurement of financial instruments

### (i) Financial assets and liabilities measured at fair value

#### Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value and the level of fair value hierarchy are disclosed below:

	Fair value measurements as at 30 June 2017 categorised into				
	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements Assets: Trading securities, listed in PRC	6,629	6,629	—	—	6,629

# Condensed Consolidated Financial Statements



## 19. Fair value measurement of financial instruments — Continued

### (i) *Financial assets and liabilities measured at fair value* — Continued

*Fair value hierarchy* — Continued

	Fair value measurements as at 31 December 2016 categorised into				
	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements					
Assets:					
Trading securities, listed in PRC	7,806	7,806	—	—	7,806

During the period there were no significant transfer between instruments in Level 1 and Level 2 and no transfer into or out of Level 3 (2016: Nil).

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values because of their immediate or short term maturity as at 30 June 2017 and 31 December 2016.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2017 and 31 December 2016 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

	Fair value measurements as at 30 June 2017 categorised into					
	Carrying amounts RMB'000	Fair value RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
— Non-current borrowings	916,535	780,719	—	780,719	—	780,719

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## 19. Fair value measurement of financial instruments — Continued

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

	Carrying amounts RMB'000	Fair value RMB'000	Fair value measurements as at 31 December 2016 categorised into			Total RMB'000
			Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
— Non-current borrowings	942,678	841,751	—	841,751	—	841,751

#### *Valuation techniques and inputs used in level 2 fair value measurements*

The fair values of the non-current borrowings are estimated as being the present values of future cash flows, discounted at interest rates with reference to observable yield curves as at 30 June 2017 and 31 December 2016 taking into account the credit spread of the Group as appropriate.

## 20. Material related party transactions

In addition to the remuneration of the Company's Directors who are also the key management of the Group as set out in Note 4(b), the Group did not enter into any material transaction with related parties of the Group during the six months ended 30 June 2017.

## 21. Approval of financial statements

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 August 2017.