CHINA RUIFENG GALAXY RENEWABLE ENERGY HOLDINGS LIMITED
中國瑞風銀河新能源控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00527)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

GROUP FINANCIAL HIGHLIGHTS

— The Group's turnover rose by approximately 89% to approximately RMB804.18 million (2009: approximately RMB425.74 million).

— The Group's gross profit rose by approximately 2 times to approximately RMB192.48 million (2009: approximately RMB75.27 million).

— The Group's loss attributable to equity holders amounted to approximately RMB573.75 million (2009: profit of approximately RMB12.58 million). Excluding the one-off impairment of goodwill of RMB647 million, the net profit of the Group increased to approximately RMB73.25 million by approximately 5 times.

— Consolidated net assets value of the Group dropped to approximately RMB255.73 million (2009: approximately RMB312.15 million).

— (Loss)/earnings per share was approximately RMB(0.915) (2009: approximately RMB0.031).

— The Board does not recommend a final dividend for the year ended 31 December 2010.

RESULTS

The board (the "Board") of directors (the "Directors") of China Ruifeng Galaxy Renewable Energy Holdings Limited (formerly known as "Galaxy Semi-Conductor Holdings Limited") (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 December 2010

	Note	**2010** **RMB'000**	2009 RMB'000
Turnover	*4*	**804,183**	425,742
Cost of sales		**(611,704)**	(350,476)
Gross profit		**192,479**	75,266
Other revenue and net income	*6*	**4,433**	693
Distribution costs		**(23,393)**	(16,646)
Administrative expenses		**(59,284)**	(42,786)
Other operating expenses		**(647,000)**	—
(Loss)/Profit from operations		**(532,765)**	16,527
Finance costs	*7(a)*	**(25,154)**	(5,213)
Share of loss of an associate		**(205)**	—
(Loss)/Profit before taxation	*7*	**(558,124)**	11,314
Income tax	*8*	**(15,626)**	1,263
(Loss)/Profit for the year		**(573,750)**	12,577
Attributable to:			
Equity shareholders of the Company		**(573,750)**	12,577
Non-controlling interests		**—**	—
(Loss)/Profit for the year		**(573,750)**	12,577
(Loss)/Earnings per share			
Basic and diluted (RMB)	*10*	**(0.915)**	0.031

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2010

	2010	2009
	RMB'000	*RMB'000*
(Loss)/Profit for the year	**(573,750)**	12,577
Other comprehensive income		
Exchange differences on translation of financial statements of operations outside the PRC	**(1,201)**	288
Other comprehensive income for the year (net of tax)	**(1,201)**	288
Total comprehensive income for the year	**(574,951)**	12,865
Total comprehensive income attributable to:		
Equity shareholders of the Company	**(574,951)**	12,865

Consolidated Statement of Financial Position

At 31 December 2010

	Note	**2010** *RMB'000*	2009 *RMB'000*
Non-current assets			
Property, plant and equipment		**123,746**	157,175
Lease prepayments		**12,989**	20,128
Goodwill		**78,946**	—
Investment in an associate		**9,740**	—
Deferred tax assets		**2,480**	2,182
		227,901	179,485
Current assets			
Inventories	*11*	**47,003**	56,725
Trade and other receivables	*12*	**489,345**	195,237
Lease prepayments		**297**	445
Pledged bank deposits		**26,897**	21,134
Cash and cash equivalents		**181,990**	97,566
		745,532	371,107
Current liabilities			
Trade and other payables	*13*	**217,806**	129,402
Derivative financial instruments		**38,830**	—
Interest-bearing borrowings		**145,000**	107,500
Current taxation		**2,250**	1,539
		403,886	238,441
Net current assets		**341,646**	132,666
Total assets less current liabilities		**569,547**	312,151
Non-current liabilities			
Interest-bearing borrowings		**306,903**	—
Deferred tax liabilities		**6,911**	—
		313,814	—
Net assets		**255,733**	312,151
Capital and reserves			
Share capital		**7,740**	4,785
Reserves		**247,993**	307,366
Total equity		**255,733**	312,151

Notes

1. GENERAL INFORMATION

China Ruifeng Galaxy Renewable Energy Holdings Limited (formerly known as "Galaxy Semi-Conductor Holdings Limited") ("the Company") was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 June 2006. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

With effect from 24 August 2010, the English name of the Company has been changed from "Galaxy Semi-Conductor Holdings Limited" to "China Ruifeng Galaxy Renewable Energy Holdings Limited", and the Chinese name of the Company from "銀河半導體控股有限公司" to "中國瑞風銀河新能源控股有限公司". The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 24 August 2010 and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 October 2010.

Following the change of the Company's names, the English stock short name for trading in the shares of the Company on the Stock Exchange was changed from "GSC HOLDINGS" to "CHINA RUIFENG" and the Chinese stock short name from "銀河半導體" to "中國瑞風" with effect from 14 October 2010. The stock code of the Company remains as "00527".

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Group's major subsidiaries is Renminbi ("RMB"). The consolidated financial statements are presented in RMB.

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2010 but are extracted from those financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries. The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), Business combinations

- Amendments to HKAS 27, Consolidated and separate financial statements

- Amendments to HKFRS 5, Non-current assets held for sale and discontinued operations — plan to sell the controlling interest in a subsidiary

- Amendment to HKAS 39, Financial instruments: Recognition and measurement — eligible hedged items

- Improvements to HKFRSs (2009)

- HK(IFRIC) 17, Distributions of non-cash assets to owners

- HK (Int) 5, Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendment to HKAS 39 and the issuance of HK (Int) 5 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

- The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, Leases, resulted in a change of classification of certain of the Group's leasehold land interests located in the Hong Kong Special Administrative Region, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  — Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  — If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  — Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

— If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

— In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

• As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

— If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

— If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the end of reporting period the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28, Investments in associates, and HKAS 31, Interests in joint ventures, the following policies will be applied as from 1 January 2010:

  — If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  — If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

  Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

- As a result of the amendment to HKAS 17, Leases, arising from the "Improvements to HKFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

4. TURNOVER

The principal activities of the Group are design, development, manufacturing and sales of diodes, power grid construction and processing of wind turbine blades.

Turnover represents the sales value of goods supplied to customers (net of value added tax and is after deduction of any sales, discounts and returns), revenue from construction contracts and processing income charged to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010	2009
	RMB'000	*RMB'000*
Sales of goods	**537,473**	425,742
Revenue from construction contracts	**262,135**	—
Processing income	**4,575**	—
	804,183	425,742

For the year ended 31 December 2010, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2009: Nil).

5. 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 resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Production of diodes: this segment designs, develops, manufactures and sells diodes and related products in the PRC.

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

— Processing of wind turbine blades: this segment primarily derives its revenue from the processing work of wind turbine blades. These products are processed in the Group's manufacturing facilities located primarily in the PRC.

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and other corporate assets. Segment liabilities include provision for trade and other payables attributable to the manufacturing and sales activities of 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 the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

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

For the year ended 31 December 2009, the Board considered that the business of the Group is organized in one operating segment which is the designs, develops, manufactures and sells of diodes and related products in the PRC. Additional disclosure in relation to segment information is not presented as the Board assesses the performance of the only operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

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 year ended 31 December 2010 is set out below.

	Production of diodes	**Construction contracts**	**Processing of wind turbine blades**	**Sub-total**	**Un-allocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	537,473	262,135	4,575	804,183	—	804,183
Reportable segment profit/(loss)	54,402	54,133	(1,392)	107,143	(205)	106,938
Impairment loss on goodwill	—	—	—	—	(647,000)	(647,000)
Central administrative costs	—	—	—	—	(3,777)	(3,777)
Finance costs	—	—	—	—	(14,285)	(14,285)
Loss before tax						(558,124)
Income tax expense						(15,626)
Loss for the year						(573,750)

Other segment items included in the statement of comprehensive income are as follows:

	Production of diodes *RMB'000*	Construction contracts *RMB'000*	Processing of wind turbine blades *RMB'000*	Sub-total *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Depreciation and Amortisation for the year	23,230	2,393	435	26,058	25	26,083
Interest income	571	—	—	571	—	571
Share of loss of associate	—	—	—	—	(205)	(205)

	Production of diodes *RMB'000*	Construction contracts *RMB'000*	Processing of wind turbine blades *RMB'000*	Sub-total *RMB'000*	Un-allocated *RMB'000*	Total *RMB'000*
Assets	374,319	368,415	13,916	756,650	207,043	963,693
Associate	—	—	—	—	9,740	9,740
Reportable Segment Assets	374,319	368,415	13,916	756,650	216,783	973,433
Reportable segment liabilities	(160,895)	(203,905)	(3,899)	(368,699)	(349,001)	(717,700)

(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.

6. OTHER REVENUE AND NET INCOME

	2010 ***RMB'000***	2009 *RMB'000*
Interest income on financial assets not at fair value through profit or loss	**571**	718
Government subsidy income	**153**	505
Sales of scrap	**1,187**	1,451
Reinstatement of trade and other payables	**—**	(1,420)
Gain on early redemption of promissory notes	**2,251**	—
Net gains on trading securities	**819**	—
Loss on disposal of subsidiaries	**(105)**	—
Others	**(443)**	(561)
	4,433	693

7. (LOSS)/PROFIT BEFORE TAXATION

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

		2010	2009
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank and other loans wholly repayable within five years	**10,869**	5,153
	Interest expenses on convertible bonds	**1,181**	—
	Interest expenses on convertible note	**2,640**	—
	Interest expenses on promissory note	**10,464**	—
	Other	**—**	60
	Interest expense on financial liabilities not at fair value through profit or loss	**25,154**	5,213
(b)	**Staff costs (including directors' remuneration)#:**		
	Contributions to defined contribution retirement plans	**4,393**	2,919
	Salaries, wages and other benefits	**88,302**	55,620
		92,695	58,539
(c)	**Other items:**		
	Amortisation of lease prepayments	**420**	445
	Impairment losses:		
	— trade and other receivables (included in administrative expenses)	**3,007**	6,687
	— property, plant and equipment (included in cost of sales)	**—**	6,505
	— goodwill (included in other operating expenses)	**647,000**	—
	Depreciation for property, plant and equipment#	**25,663**	20,090
	Net foreign exchange (gain)/loss	**(6,651)**	740
	Auditors' remuneration — audit services	**1,047**	561
	Operating lease charges — minimum lease payments in respect of property rentals#	**786**	203
	Cost of inventories#	**420,797**	350,476
	Loss on disposal of subsidiaries	**105**	—
	Loss on disposal of property, plant and equipment	**860**	786

\# Cost of inventories includes approximately RMB77,776,000 (2009: approximately RMB53,247,000) relating to staff costs, depreciation and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Income tax in the consolidated income statement represents:

	2010	2009
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**17,333**	2,345
Over-provision in respect of prior years	**(779)**	(444)
Deferred tax		
Origination and reversal of temporary differences	**(928)**	(3,164)
	15,626	(1,263)

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong during the year (2009: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.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Except for Galaxy Electrical and Galaxy Semiconductor, the applicable income tax rate to the Group's PRC subsidiaries will gradually be adjusted to 25% in the following five years.

Changzhou Galaxy Electrical Co., Ltd. ("Galaxy Electrical") and Changzhou Galaxy Semiconductor Co., Ltd. ("Galaxy Semiconductor") are recognised as high-technology enterprises. According to the PRC tax regulations, Galaxy Electrical and Galaxy Semiconductor are entitled to a preferential tax rate of 15% in both years.

Pursuant to the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises ("FEIT"), Changzhou Galaxy Hi-New Electric Parts Co., Ltd. ("Galaxy Hi-New"), Changzhou Galaxy Technology Developing Co., Ltd. ("Galaxy Technology") and Changzhou Galaxy Century Micro-Electronics Co., Ltd. ("Galaxy Micro-Electronics") are located in the coastal economic open zone and are recognised as Production Foreign Invested Enterprises. According to the PRC tax regulations, Galaxy Hi-New, Galaxy Technology and Galaxy Micro-Electronics are entitled to a tax concession period in which they are fully exempted from PRC income tax for the first two years commencing from their first profit making year (after the offset of tax losses brought forward), followed by a 50% reduction in the PRC income tax for the next three years.

Years 2009 and 2010 are the first year of 50% reduction on the income tax for Galaxy Hi-New and Galaxy Micro-Electronics respectively. The tax-free years for Galaxy Technology was applicable for 2009 and 2010 and therefore no income taxes were provided for in both periods. The applicable income tax rate of other PRC subsidiaries is 25% in 2009 and 2010.

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.

9. DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2010 (2009: Nil).

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately RMB573,750,000 (2009: profit of approximately RMB12,577,000) and the weighted average number of 626,899,000 ordinary shares (2009: 400,876,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2010	2009
	'000	*'000*
Issued ordinary shares at 1 January	**480,000**	400,000
Effect of shares issue	**95,096**	876
Effect of conversion of convertible note	**13,414**	—
Effect of conversion of convertible bonds	**38,389**	—
Weighted average number of ordinary shares at 31 December	**626,899**	400,876

(b) Diluted (loss)/earnings per share

Diluted loss per share for the year ended 31 December 2010 is not presented because the existence of outstanding conversion options for the convertible note and convertible bonds during the year have anti-dilutive effect on the basic loss per share.

11. INVENTORIES

	2010 *RMB'000*	2009 *RMB'000*
Raw material	**8,971**	11,086
Work in progress	**23,121**	34,253
Finished goods	**14,911**	11,386
	47,003	56,725

12. TRADE AND OTHER RECEIVABLES

	2010 *RMB'000*	2009 *RMB'000*
Trade receivables	**215,264**	149,337
Less: allowance for doubtful debts	**(15,198)**	(12,244)
	200,066	137,093
Other receivables	**82,058**	2,518
Note receivables	**33,498**	49,987
Amounts due from related companies	**458**	—
Amount due from an associate	**9,620**	—
Loans and receivables	**325,700**	189,598
Prepayments and deposits	**58,758**	5,639
Gross amount due from customers for contract work	**104,887**	—
	489,345	195,237

All of the trade and other receivables (including note receivables, amounts due from related companies and amount due from an associate) are expected to be recovered or recognised as expense within one year.

Ageing analysis

Trade receivables are net of allowance for doubtful debts of approximately RMB15,198,000 (2009: RMB12,244,000) with the following ageing analysis as of the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
Within three months	**182,614**	135,544
More than three months but within one year	**14,730**	1,346
More than one year	**2,722**	203
At 31 December	**200,066**	137,093

Trade receivables are due within 60–180 days from the date of billing.

13. TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables	**88,467**	69,767
Note payables	**40,889**	34,783
Other payables	**32,745**	19,269
Advance from customers	**23,284**	4,155
Amounts due to related companies	**18,334**	283
Amounts due to directors	**1,600**	1,145
Financial liabilities measured at amortised cost	**205,319**	129,402
Gross amount due to customers for contract work	**12,487**	—
	217,806	129,402

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

	2010	2009
	RMB'000	*RMB'000*
Within three months	**65,031**	56,782
More than three months but within one year	**18,928**	10,234
More than one year	**4,508**	2,751
	88,467	69,767

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

14. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2010 not provided for in the financial statements were as follows:

	2010	2009
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment		
— Contracted for	**839**	1,996

(b) At 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2010	2009
	RMB'000	*RMB'000*
Within 1 year	**2,538**	32
After 1 year but within 5 years	**1,573**	—
More than 5 years	**907**	—
	5,018	32

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

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITIONS AND OPERATING RESULTS

Business Review

Business Transition

During the financial year ended 31 December 2010, the Group underwent a period of transition, transforming from its core business of diodes manufacturing to wind power and power grid construction businesses. Though the wind power and power grid construction businesses started in July 2010, it has already generated a turnover of approximately RMB266.71 million, accounting for approximately 33.17% of the total turnover during the year under review. The wind power business of the Group is expected to constitute a larger portion of the Group's business following the completion of the acquisition of Chengde Beichen High New Technology Co., Ltd. ("Beichen Hightech") in January 2011, and the contemplated completion of the proposed acquisition of Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. in 2011. While the business of diodes manufacturing is expected to provide a stable income source for the Group's future business development, the Board will continue to strengthen its business focus on the renewable energy industry. To better reflect the new business strategy and to signify the commencement of a new chapter to the Group's corporate development, the Company changed its name to China Ruifeng Galaxy Renewable Energy Holdings Limited in August 2010.

New business — Wind Power and Power Grid Construction Business

Market Review

As a relatively sophisticated and reliable form of technology, and considered one of the most price-competitive forms of renewable energy, wind power is generally regarded as the choice of renewable energy with the greatest commercial value with support from governments around the globe. According to statistics on the wind power industry released by the PRC government, the capacity for wind power reached 41.83 gigawatts ("GW") in China in 2010, surpassing the United States to become the world's largest wind power market in terms of total installed wind power capacity. The newly installed wind power capacity increased by more than 100% per year from 2003 to 2009 except in 2008 when the global economy suffered a downturn; China aims to increase its installed wind power capacity to 100 million kilowatts ("kW") in 2020. According to a source from the Chinese Wind Energy Association, the PRC government has created eight wind power bases, with capacity of 10 million GW each, in areas including Jiuquan of Gansu, Hami of Xinjiang, Hebei, Jilin, eastern and western Inner Mongolia, Jiangsu and Shandong.

Business Development and Projects

In response to the emphasis placed on renewable energy by the global business sector and the PRC Government, the Group has strived to capture opportunities in renewable energy and energy saving, as signified in particular, by the Group's acquisition of Power Full Group Holdings Limited ("Power Full") which completed in July 2010.

On 1 April 2010, the Company entered into a conditional agreement with Brown Beauty Business Limited ("Brown Beauty", as vendor) and Mr. Riley M Chung (as guarantor), pursuant to which the Company agreed to acquire the entire issued share capital of Power Full for a total consideration of HK$830 million. The said consideration of HK$830 million was satisfied by a combination of (a) issue of convertible note in the principal amount of HK$155 million; (b) allotment and issue of 195 million consideration shares at the issue price of HK$1.00 per share amounting to HK$195 million; (c) issue of promissory note in the principal amount of HK$330 million; and (d) payment of HK$150 million in cash, upon the completion of the acquisition on 7 July 2010.

Power Full is, indirectly, interested in the entire equity interest in Chengde Ruifeng Renewable Energy Windpower Company Limited ("Ruifeng Windpower").

Ruifeng Windpower was established in May 2008 which principally engages in the manufacturing and processing of wind turbine blades and components. Ruifeng Windpower is a wind turbine blades manufacturer and processor, enjoying location advantage to serve the wind farms in Hebei and Inner Mongolia region, where approximately 25% of wind turbines installed in China are concentrated. Ruifeng Windpower owns two sites for manufacturing and processing wind power blades. One of the production bases has a capacity to manufacture a maximum of 60 sets of 1,500kW wind turbine blades per month, covering an aggregate area of approximately 100,000 square meters. The other site is located in Shuangqiao District, which covers an aggregate area of approximately 78,000 square meters with a capacity to manufacture up to 100 sets of 750kW wind turbine blades per month. In addition, Ruifeng Windpower owns 30% equity interest in Langcheng and controlled Hebei Beichen Power Grid Construction Co., Ltd. ("Beichen Power Grid).

Langcheng was established in 2005 and is principally engaged in the operation of wind farm engaging in the production of renewable energy in Hexigten Qi, Inner Mongolia. The construction of the wind farm by Langcheng is in progress and Langcheng intends to use wind turbine blades manufactured by Ruifeng Windpower for its wind turbines. Also, upon Langcheng commencing its operation, the electricity power generated by Langcheng is expected to be on-grid to North China Grid.

Beichen Power Grid was established in 2001, which is principally engaged in the construction, installation, repairing and testing of power facilities and is a first grade licensed contractor. By holding various licences and international standard certifications, Beichen Power Grid fulfilled certain pre-requisites in PRC required for the tender of the first grade grid contracting projects, which allow Beichen Power Grid to carry out the contracting works of maximum power transmission lines of 220kV as well as first grade projects of the State Grid Corporation of China. The turnover generated from the power grid construction business from Beichen Power Grid accounted for approximately 33.17% of the Group's total turnover during the year under review, showing a remarkable achievement for the Group's business development.

Diodes Manufacturing Business

Aside from integrating its production facilities in an effort to streamline production cost, the Group has fine-tuned the product categories to cater the market demand. During the year under review, the Group continued to adjust its sales strategies, impose stringent cost control and diversify its client base.

Prospects

According to the 2010 International Energy Outlook from the Energy Information Administration (EIA) report, there will be a continual growth in both nuclear and renewable energy source in the long-run given the growing concerns about the environmental consequences of greenhouse gas emissions. Wind power is believed to be one of the most valuable new energy source. The EIA expects China, which has already emerged as a leader in wind power, to be the fastest growing Non Organization for Economic Cooperation and Development (Non-OECD) regional market for the renewable energy source. Wind power generation in China is expected to increase from 6 billion kWh in 2007 to 374 billion kWh in 2035. Wind power accounts for the majority of the increase in the world's renewable electricity supply over the projected period, contributing to 26% of the 4.5 trillion kWh of the increase in renewable power generation.

In 2010, figures from the American Wind Energy Association showed China's total capacity to generate electricity from its wind turbine installations climbed 62% from the beginning of 2010 to 41,800 megawatt ("MW") in early 2011, while the output of American-based turbines rose 15% to 40,180 MW during the period. Global demand for electricity has increased substantially in respond to rapid economic growth. In particular, the economic growth of developing countries has contributed to the increase in energy consumption levels. The International Energy Agency (IEA), an intergovernmental organization acting as an energy policy advisor, expects renewable energy will play a major role in making the world a more secure and reliable environment with a sustainable energy source. The 2010 World Energy Outlook from the IEA recognized China as a leader in wind power as the remarkable growth rate of its wind power plants.

2011 is the first year of the 12th Five-Year Plan in China. The Company is dedicated to being a leading provider of comprehensive services in wind power which invests and develops the renewable energy business. The development covers seven areas: (1) manufacturing and processing wind turbine blades; (2) wind farm construction project contracts; (3) transportation, installation and testing of wind turbine primary generator and parts; (4) supplying and repairing wind turbine's parts and spares; (5) providing maintenance services for wind farms and repair services for wind farm infrastructures; (6) expanding sales channels in wind power related businesses; and (7) investment, development and collaboration in the renewable energy industry. As a comprehensive wind farm service provider, the Group will further upgrade and enhance the wind farm operation efficiency and power generation capacity. Furthermore, given the relatively less competitive landscape on repair and maintenance service market for the wind power facilities, the Group intends to expand into high-end repair and maintenance consultancy service to serve the wind farm infrastructures when they are turning mature. In addition, the Group will diversify the sales channel of wind turbine blades and explore new opportunities with other providers of complete wind power solutions such as Xinjiang Goldwind Science & Technology Co., Ltd. to maximize its growth.

To further explore the wind farm business model which the Group has its footprints in Hebei and Inner Mongolia, the Company intends to place relatively more resources in this area and has planned the acquisition of two companies as announced in January 2011. These include (1) the acquisition of the entire equity interest of Hebei-based Beichen Hightech for a total consideration of RMB50,802,400 (equivalent to HK$59,770,000) and (2) the acquisition of the remaining 70% equity interest in Inner-Mongolia-based Langcheng for a total of RMB31,500,000 (equivalent to HK$37,060,000).

Beichen Hightech owned 5.77% equity interest in Hebei Hongsong Wind Power Co., Ltd. ("Hongsong"), a company established to develop wind farms in Hebei province and its surrounding provinces. Established in 2001, Hongsong is one of the pioneers in wind farm operations in Changde, Hebei. The wind farm operated by Hongsong has a maximum development capacity of 600MW, and has been developed as a Gold Standard Clean Development Mechanism (CDM) Project that qualifies for carbon credits in China. Hongsong's revenue mainly comes from sale of electricity to the national power grid. Its broad existing power grid connection is poised to further strengthen the Group's business development plan.

Langcheng plans to use the wind turbine blades manufactured by the Group for its wind turbines, and to build and operate a wind farm with the theoretical capacity of 500MW in 2011. Upon completion of the acquisition of Langcheng, the Group will hold the entire interest in Langcheng. This acquisition will give Hongsong and Langcheng the opportunity to leverage upon each other's strengths so as to achieve promising growth for the Group's renewable energy business in Hebei and Inner Mongolia where become the emerging domestic markets for the wind power industry in China. As the renewable energy sector is growing rapidly in China, the Group strives to capture opportunities to expand its renewable energy and energy saving business as well as to seek development in other areas of the industry as part of the Group's strategy in diversifying the renewable energy business. The Company has taken different important roles in the renewable energy, especially on the wind power energy business, with an aim to become one of the leading players in the renewable energy industry, while its existing diodes manufacturing business is scheduled to expand in a symmetric way. Looking forward to 2011, the Group will continue to optimize upon the enormous business opportunities arising from the renewable energy industry while maintaining a strong foothold in the diodes manufacturing business. The aim is to maximize returns to investors, and lay down a strong foundation for the sustainable development of the Group.

FINANCIAL REVIEW

Turnover

During the year under review, due to the newly acquired power-related business, the Group's turnover of approximately RMB804.18 million was derived from two business divisions — the power-related business and diodes manufacturing business. The power-related business recorded a turnover of approximately RMB266.71 million, of which approximately RMB262.13 million was mainly attributed by the power grid construction business. The power-related business accounted for approximately 33.17% of the turnover. Following the completion of the acquisition of Power Full in July 2010, Ruifeng Windpower and Beichen Power Grid became the Group's subsidiaries in the provision of power grid construction and wind turbine blade businesses.

The diodes manufacturing business recorded a turnover of approximately RMB537.47 million, accounting for approximately 66.83% of the turnover. The Group's production base for the existing diodes manufacturing business is mainly located in Changzhou, Jiangsu province.

Turnover by business

	Year ended 31 December		**Increase/**	Change in
	2010	2009	**(Decrease)**	percentage
	RMB million	*RMB million*	***RMB million***	*(%)*
(i) Power-related business				
Power grid construction and consultancy	**262.13**	—	**262.13**	100
Sales of wind turbine blades	**4.58**	—	**4.58**	100
	266.71	—	**266.71**	100
(ii) Diodes manufacturing business				
Plastic packaged diodes	**285.40**	237.24	**48.16**	20.30
Glass packaged diodes	**28.37**	26.88	**1.49**	5.54
Bridge rectifiers	**7.55**	5.80	**1.75**	30.17
Surface mount device packaged diodes	**214.73**	155.27	**59.46**	38.29
Others	**1.42**	0.55	**0.87**	158.18
	537.47	425.74	**111.73**	26.24
Total	**804.18**	425.74	**378.44**	88.89

Cost of Sales

Cost of sales mainly includes the cost of raw materials, subcontracting costs, wages, water, electricity, gas and other ancillary materials. Cost of sales accounted approximately RMB611.70 million for the year ended 31 December 2010, represented approximately 76% of the turnover, showing a decrease when compared with approximately 82% for the year ended 31 December 2009.

Gross Profit

Gross profit increased by approximately 156% to approximately RMB192.48 million (2009: approximately RMB75.27 million), while the gross profit margin has increased from approximately 18% to approximately 24% for the year ended 31 December 2010.

Other Revenue and Net Income

Other revenue and net income mainly comprised of income generated by the sale of scrap materials and sub-products, net gains on trading securities, interest income from bank deposits and gain on early redemption of promissory note. The increase in other revenue and net income is mainly attributable by the net gains on trading securities and gain on early redemption of promissory note.

Distribution Costs

Distribution costs mainly include commission expenses for sales and distribution activities, wages and salaries of sales personnel and transportation costs.

Administrative Expenses

Administrative expenses mainly include wages and salaries, travel, professional fees or consulting fees and provisions for bad debt.

Other operating expenses

Other operating expenses for the year ended 31 December 2010 amounting to RMB647,000,000 refer to impairment of goodwill relating to the acquisition of Power Full.

Finance Costs

Finance costs refer to interest expenses and bank charges for bank loans obtained, promissory note and convertible bonds/note issued by the Group. It was recorded as approximately RMB25,150,000, when compared with that of approximately RMB5,210,000 in the previous year. The higher finance costs were derived from the newly acquired power-related business and the issuance of the convertible bonds, convertible note and promissory note during 2010.

Taxation

The taxation increased from a tax credit amounting to approximately RMB1,260,000 for the year ended 31 December 2009 to a tax expense amounting to approximately RMB15,630,000 for 2010. The increase in the tax expenses were due to the newly acquired power-related business and that some group companies which were tax exempted in 2009 were subject to tax payment exposure in 2010.

Net (Loss)/Profit

The Group suffered from a net loss of approximately RMB573,750,000 because of an impairment of goodwill for acquisition of Power Full amounting to RMB647,000,000. Excluding the impairment of goodwill for acquisition of Power Full of RMB647,000,000, there would be a net profit of approximately RMB73,250,000 and represented an increase in net profit by approximately RMB60,670,000 by approximately 5 times, compared to the net profit for the year ended 31 December 2009 amounting to approximately RMB12,580,000.

Net Current Assets

The net current assets were recorded at approximately RMB341,650,000, an increase of approximately 2 times when compared with that of approximately RMB132,670,000 in 2009.

Liquidity and Financing

As at 31 December 2010, the cash and bank balances amounted to approximately RMB208,890,000, which comprise RMB79,990,000, USD18,790,000 and HK$4,940,000, when compared with that of approximately RMB118,700,000 in the previous year. Total borrowings by the Group as at 31 December 2010 amounted to approximately RMB451,900,000, representing an increase of approximately 3 times when compared with approximately RMB107,500,000 in the previous year.

The Group repaid its debt mainly through the steady recurrent cash-flows generated by its operations. The Group's gearing ratio increased to approximately 73.73% as at 31 December 2010 from approximately 43.31% as at 31 December 2009. That ratio was calculated by dividing the Group's total liabilities by its total assets. During 2010, all of the Group's borrowings were settled in Renminbi and Hong Kong dollars. Approximately 90% of the Group's income was denominated in Renminbi and the remaining was denominated in Hong Kong dollars and United States dollars. All borrowings of the Group were fixed-rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2010 and up to the date of this announcement, as the Board considered that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuations and interest rate fluctuations in individual transactions.

Change of Company Name

With effect from 24 August 2010, the English name of the Company has been changed from "Galaxy Semi-Conductor Holdings Limited" to "China Ruifeng Galaxy Renewable Energy Holdings Limited", and the Chinese name of the Company from "銀河半導體控股有限公司" to "中國瑞風銀河新能源控股有限公司". The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 24 August 2010 and the Certificate of Registration of Change of Corporate Name of Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 October 2010.

Following the change of the Company's names, the English stock short name for trading in the shares of the Company on the Stock Exchange was changed from "GSC HOLDINGS" to "CHINA RUIFENG" and the Chinese stock short name from "銀河半導體" to "中國瑞風" with effect from 14 October 2010. The stock code of the Company remains as "00527".

Convertible Bonds

On 16 April 2010, the Company entered into a placing agreement with China Merchants Securities (HK) Co., Ltd. (the "Placing Agent"), pursuant to which the Company has agreed to issue and the Placing Agent has agreed to procure not less than 6 independent placees to subscribe for, in cash at 100% of their principal amount, convertible bonds up to an aggregate principal amount of HK$143,040,000, on a best effort basis. The placing was completed on 27 May 2010 and convertible bonds in an aggregate principal amount of HK$143,040,000 were issued. Based on the initial conversion price of HK$1.49 per share to be allotted and issued upon exercise of the conversion rights attached to the said convertible bonds, a maximum number of 96,000,000 shares may be allotted and issued.

As at the date of this announcement, conversion rights attaching to all the aforesaid convertible bonds have been exercised. Accordingly, 96,000,000 shares were issued under the said convertible bonds during the year. Details of the placing are set out in the announcements of the Company dated 26 April 2010, 17 May 2010 and 27 May 2010, respectively.

On 19 December 2010, the Company entered into a subscription agreement with Advance Gain Enterprises Limited, a wholly-owned subsidiary of CCB International (Holdings) Ltd, pursuant to which Advance Gain Enterprises Limited agreed to subscribe for convertible bonds of the Company in the principal amount of US$18,580,000 in cash at 100% of their principal amount. Based on the initial conversion price of HK$1.50 per share to be allotted and issued upon exercise of the conversion rights attached to the said convertible bonds, a maximum number of 95,996,666 shares may be allotted and issued.

As at the date of this announcement, no conversion rights attaching to said convertible bonds have been exercised. Details of the subscription are set out in the announcement of the Company dated 20 December 2010.

Acquisition & Disposal

Acquisition of Power Full Group Holdings Limited

On 1 April 2010, the Company (as purchaser) entered into a conditional agreement with Brown Beauty (as vendor) and Mr. Riley M Chung (as guarantor), pursuant to which the Company agreed to acquire, and Brown Beauty agreed to dispose of, the entire issued share capital of Power Full for a total consideration of HK$830 million (the "Acquisition"). The consideration for the Acquisition was satisfied by a combination of (a) issue of convertible note in the principal amount of HK$155 million; (b) allotment and issue of 195 million consideration shares at the issue price of HK$1.00 per share amounting to HK$195 million; (c) issue of promissory note in the principal amount of HK$330 million; and (d) payment of HK$150 million in cash upon the completion of the Acquisition on 7 July 2010.

The Acquisition constitutes a very substantial acquisition for the Group pursuant to Chapter 14 of the Listing Rules. Details of Acquisition are set out in the announcements of the Company dated 26 April 2010 and 7 July 2010, respectively, and the circular of the Company dated 21 June 2010.

Disposal of Action Star International Limited

On 14 September 2010, the Company (as guarantor) entered into a conditional agreement with Profit Champ Limited ("Profit Champ", as vendor), a wholly-owned subsidiary of the Company and Opulent Field Limited ("Opulent Field", as purchaser), a company wholly-owned by Mr. Yang Senmao, then an executive Director, pursuant to which Profit Champ agreed to dispose of the entire issued share capital of Action Star International Limited ("Action Star') for a total consideration of HK$130 million in cash. Action Star owns 100% equity interest in Changzhou Galaxy Micro-Electronics Co., Ltd. (常州銀河世紀微電子有限公司) and 100% equity interest in Changzhou Galaxy Technology Developing Co., Ltd. (常州銀河科技開發有限公司). The said disposal was completed on 3 November 2010.

The said disposal constitutes a major and connected transaction of the Company pursuant to Chapters 14 and 14A of the Listing Rules. Details of the said disposal are set out in the announcements of the Company dated 14 September 2010, 16 September 2010 and 3 November 2010, respectively, and the circular of the Company dated 11 October 2010.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries and associated companies by the Group during the financial year ended 31 December 2010.

Pledge of Assets

As at 31 December 2010, the Group had pledged land and buildings with net book values of approximately RMB10,620,000 (31 December 2009: approximately RMB30,520,000) as security for the bank loans obtained by the Group.

Upon the completion of the Acquisition on 7 July 2010, the entire issued share capital of Sun Light Planet Limited, a direct wholly-owned holding subsidiary of the Company, was pledged to the holder of the promissory note to secure the Company's obligation under the promissory note which was issued by the Company to satisfy part of the consideration in the amount of HK$330 million.

Upon the issuance of convertible bonds in the principal amount of US$18,580,000 to Advance Gain Enterprises Limited, the entire issued share capital of Power Full was pledged to Advance Gain Enterprises Limited to secure the Company's obligation under the said convertible bonds.

Contingent Liabilities

For the year ended 31 December 2010, the Group had no material contingent liabilities.

Employees

As at 31 December 2010, the Group had approximately 2,800 full-time employees (31 December 2009: 2,100) in Hong Kong and the PRC, comprising 2,000 employees from the business of diodes manufacturing and 800 employees from the power-related business. For the year ended 31 December 2010, the relevant employee costs (including the Directors' remuneration) were approximately RMB92,700,000 (2009: approximately RMB58,540,000). The Group's remuneration and bonus packages were given based on the performance of the employees in accordance with the general standards of the Group's salary policies.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance in order to raise the quality of management and protect the interests of Shareholders as a whole. To honor these commitments, the Group believes that good corporate governance can be reflected by a responsible enterprise being credit worthy and transparent and abide by a high level of code of practice.

Corporate Governance Practices

The Board is of the opinion that the Company has complied with all the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules for the financial year ended 31 December 2010.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of practice for securities transactions by the Directors. 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 for the year ended 31 December 2010.

Audit Committee

The audit committee of the Company comprises of the three independent non-executive Directors, namely, Ms. Wong Wai Ling, Mr. Qu Weidong and Mr. Su Xincheng, and Ms. Wong Wai Ling is the chairman of the audit committee of the Company. The audited financial statements of the Company for the year ended 31 December 2010 and this announcement had been reviewed by the audit committee of the Company before being presented to the Board for approval.

CLOSURE OF REGISTER

The transfer books and register of members of the Company will be closed on 9 May 2011 when no transfer of shares will be effected. The Board has resolved not to recommend the payment of final dividends for the year ended 31 December 2010.

In order to be eligible to attend and vote at the annual general meeting of the Company to be held on 9 May 2011 (Monday), all transfer documents, together with the relevant share certificates, must reach the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, before 4:30 p.m. on 6 May 2011 (Friday).

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng ("HLB"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2010. The work performed by HLB in this respect did not constitute as assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this announcement.

SHARE OPTION SCHEME

For the year ended 31 December 2010, no options have been granted under the share option scheme operated by the Company and no options were outstanding during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

1. Acquisition of Beichen Hightech

On 12 January 2011, Ruifeng Windpower (as purchaser) entered into an acquisition agreement with Mr. Li Baosheng, Mr. Li Baojun, Ms. Li Juan, Ms. Meng Yanrong and Mr. Li Baomin (as vendors) and Mr. Li Baosheng (as guarantee), pursuant to which the vendors have, respectively, agreed to dispose of and the purchaser has agreed to acquire the entire equity interest in Beichen Hightech for a total consideration of RMB50,802,400.

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the acquisition are higher than 5% but below 25%, the acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

Mr. Li Baosheng, one of the vendors and the guarantor, is an executive Director, the chairman and a substantial shareholder of the Company. Each of Mr. Li Baojun (a cousin of Mr. Li Baosheng), Ms. Meng Yanrong (the spouse of Mr. Li Baosheng) and Mr. Li Baomin (a cousin of Mr. Li Baosheng), each being a vendor, is an associate of Mr. Li Baosheng. Ms. Li Juan, also a vendor, is a director of Beichen Power Grid (an indirect wholly-owned subsidiary of the Company). Accordingly, the vendors and the guarantor are connected persons of the Company under the Listing Rules. The acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to, among other things, independent shareholders' approval, reporting and announcement requirements under Chapter 14A of the Listing Rules.

The aforesaid acquisition was completed as at the date of this announcement.

Details of the aforesaid acquisition are set out in the announcements of the Company dated 12 January 2011 and 1 March 2011, respectively, and the circular of the Company dated 14 February 2011.

2. Acquisition of Langcheng

On 18 January 2011, Ruifeng Windpower (as purchaser) entered into an acquisition agreement with Mr. Li Baosheng and Mr. Li Baojun (as vendors) and Mr. Li Baosheng (as guarantor), pursuant to which the vendors have, respectively, agreed to dispose of and the purchaser has agreed to acquire, in aggregate, 70% equity interest in Langcheng for a total consideration of RMB31,500,000. Immediately before the entering into of the said acquisition agreement and as at the date of this announcement, Langcheng is a 30% owned associate of the Group.

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the said acquisition are higher than 5% but below 25%, the said acquisition constitutes a disclosable transaction of the Company pursuant to Chapter 14 of the Listing Rules.

Mr. Li Baosheng, one of the vendors and the guarantor, is an executive Director, the chairman and a substantial shareholder of the Company. Mr. Li Baojun, one of the vendors, is a cousin, and thus an associate, of Mr. Li Baosheng. Accordingly, each of the vendors and the guarantor is a connected person of the Company under the Listing Rules. The said acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to, among other things, independent shareholders' approval, reporting and announcement requirements under Chapter 14A of the Listing Rules.

Details of the aforesaid acquisition are set out in the announcements of the Company dated 25 January 2011, 11 February 2011 and 15 March 2011, respectively.

3. Refreshment of general mandates

At the extraordinary general meeting of the Company held on 1 March 2011, resolutions were passed by the Shareholders to refresh the mandates granted to the Directors to allot, issue and dealt with Shares of up to 20% of the then issued share capital of the Company, and to repurchase Shares of up to 10% of the then issued share capital of the Company on the Stock Exchange. Details of the aforesaid refreshment of general mandates to issue and repurchase shares are set out in the circular of the Company dated 14 February 2011, and the announcement of the Company dated 1 March 2011.

PUBLICATION OF 2010 ANNUAL REPORT

The 2010 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at http://www.galaxycn.com and the "HKExnews" website of the Stock Exchange at http://www.hkexnews.hk.

By Order of the Board
China Ruifeng Galaxy Renewable Energy Holdings Limited
Li Baosheng
Chairman

Hong Kong, 25 March 2011

As at the date of this announcement, the executive Directors are Mr. Li Baosheng, Mr. Zhang Zhixiang and Mr. Xu Xiaoping; the non-executive Director is Mr. Zhang Yong; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Qu Weidong and Mr. Su Xiucheng.