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 2011

GROUP FINANCIAL HIGHLIGHTS

— The Group's turnover decreased by approximately 7% to approximately RMB750,328,000 (2010: approximately RMB804,183,000).

— The Group's gross profit decreased to approximately RMB139,475,000 (2010: approximately RMB192,479,000).

— The Group's profit attributable to equity shareholders amounted to approximately RMB91,518,000 (2010: loss of approximately RMB573,750,000). Excluding the one-off impairment of goodwill of RMB647,000,000 in previous year which no longer applied for 2011, the adjusted net profit margin increased from approximately 9% for the year ended 31 December 2010 to approximately 12% for the year ended 31 December 2011.

— Consolidated net assets value of the Group increased to approximately RMB349,416,000 (2010: approximately RMB255,733,000).

— Basic earnings/(loss) per share was approximately RMB0.112 (2010: approximately RMB(0.915)).

— Diluted earnings/(loss) per share was approximately RMB0.076 (2010: approximately RMB(0.915)).

— The Board does not recommend a final dividend for the year ended 31 December 2011.

RESULTS

The board (the "Board") of directors (the "Directors") of China Ruifeng Galaxy Renewable Energy Holdings Limited ("China Ruifeng" or the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 December 2011

	Note	**2011** *RMB'000*	2010 *RMB'000*
Turnover	*4*	**750,328**	804,183
Cost of sales		**(610,853)**	(611,704)
Gross profit		**139,475**	192,479
Other revenue and net income	*6*	**114,311**	4,433
Distribution costs		**(16,155)**	(23,393)
Administrative expenses		**(54,756)**	(59,284)
Other operating expenses		**—**	(647,000)
Profit/(Loss) from operations		**182,875**	(532,765)
Finance costs	*7(a)*	**(82,682)**	(25,154)
Share of profits less losses of associates		**(105)**	(205)
Profit/(Loss) before taxation	*7*	**100,088**	(558,124)
Income tax	*8*	**(8,570)**	(15,626)
Profit/(Loss) for the year		**91,518**	(573,750)
Attributable to:			
Equity shareholders of the Company		**91,518**	(573,750)
Non-controlling interests		**—**	—
Profit/(Loss) for the year		**91,518**	(573,750)
Earnings/(Loss) per share			
Basic (RMB)	*10*	**0.112**	(0.915)
Diluted (RMB)	*10*	**0.076**	(0.915)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011	2010
	RMB'000	*RMB'000*
Profit/(Loss) for the year	**91,518**	(573,750)
Other comprehensive income		
Exchange differences on translation of financial statements of operations outside the PRC	**(1,393)**	(1,201)
Other comprehensive income for the year (net of tax)	**(1,393)**	(1,201)
Total comprehensive income for the year	**90,125**	(574,951)
Total comprehensive income attributable to:		
Equity shareholders of the Company	**90,125**	(574,951)

Consolidated Statement of Financial Position

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**223,878**	123,746
Lease prepayments		**17,750**	12,989
Goodwill		**83,006**	78,946
Investment in an associate		**5,106**	9,740
Available-for-sale investments		**46,184**	—
Deferred tax assets		**3,201**	2,480
		379,125	227,901
Current assets			
Inventories	*11*	**48,034**	47,003
Trade and other receivables	*12*	**506,427**	489,345
Lease prepayments		**401**	297
Pledged bank deposits		**3,627**	26,897
Cash and cash equivalents		**82,656**	181,990
		641,145	745,532
Current liabilities			
Trade and other payables	*13*	**162,792**	217,806
Derivative financial instruments		**1,027**	38,830
Interest-bearing borrowings		**105,400**	145,000
Current taxation		**11,190**	2,250
		280,409	403,886
Net current assets		**360,736**	341,646
Total assets less current liabilities		**739,861**	569,547
Non-current liabilities			
Interest-bearing borrowings		**378,198**	306,903
Deferred tax liabilities		**12,247**	6,911
		390,445	313,814
Net assets		**349,416**	255,733
Capital and reserves			
Share capital		**7,740**	7,740
Reserves		**341,676**	247,993
Total equity		**349,416**	255,733

Notes

1. GENERAL INFORMATION

China Ruifeng Galaxy Renewable Energy Holdings Limited ("China Ruifeng" or 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.

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

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2011 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 of Hong Kong Limited. 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 2011 comprise the Group and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for otherwise stated.

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 a number of amendments to HKFRSs and one new Interpretation 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:

- HKAS 24 (revised 2009), Related party disclosures

- Improvements to HKFRSs (2010)

- HK(IFRIC) 19, Extinguishing financial liabilities with equity instruments

- Amendments to HK(IFRIC) 14, HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction — Prepayments of a minimum funding requirement

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

The amendments to HK(IFRIC) 14 have had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has reassessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, Financial instruments: Disclosures. The disclosure about the Group's financial instruments has been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4. TURNOVER

The principal activities of the Group are design, development, manufacturing and sales of diodes, power grid construction and production 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:

	2011	2010
	RMB'000	*RMB'000*
Sales of goods	**424,169**	537,473
Revenue from construction contracts	**317,683**	262,135
Processing income	**8,476**	4,575
	750,328	804,183

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 four 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 People's Republic of China (the "PRC").

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

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

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

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

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

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates. 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.

Information regarding the Group's reportable segments as provided to the Group's chief executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2011 and 2010 is set out below.

	Production of diodes		Construction contracts		Production of wind turbine blades		Wind farm operation		Sub-total		Un-allocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment revenue	**380,875**	537,473	**317,683**	262,135	**51,770**	4,575	**–**	–	**750,328**	804,183	**–**	–	**750,328**	804,183
Reportable segment profit/(loss)	**15,829**	54,402	**72,109**	54,133	**4,084**	(1,392)	**12,665**	–	**104,687**	107,143	**56,045**	(205)	**160,732**	106,938
Impairment loss on goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(647,000)	**–**	(647,000)
Central administrative costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,084**	(3,777)	**5,084**	(3,777)
Finance costs	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(65,728)**	(14,285)	**(65,728)**	(14,285)
Profit/(Loss) before taxation													**100,088**	(558,124)
Income tax													**(8,570)**	(15,626)
Profit/(Loss) for the year													**91,518**	(573,750)

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

	Production of diodes		Construction contracts		Production of wind turbine blades		Wind farm operation		Sub-total		Un-allocated		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Depreciation and amortisation for the year	**14,241**	23,230	**4,784**	2,393	**871**	435	**46**	—	**19,942**	26,058	**131**	25	**20,073**	26,083
Interest income	**800**	571	**47**	—	**4**	—	**6**	—	**857**	571	**41**	—	**898**	571
Share of profits less losses of associates	**86**	—	**—**	—	**—**	—	**—**	—	**86**	—	**(191)**	(205)	**(105)**	(205)
Assets	**312,801**	374,319	**396,436**	368,415	**37,222**	13,916	**183,223**	—	**929,682**	756,650	**85,482**	207,043	**1,015,164**	963,693
Associate	**5,106**	—	**—**	—	**—**	—	**—**	—	**5,106**	—	**—**	9,740	**5,106**	9,740
Reportable segment assets	**317,907**	374,319	**396,436**	368,415	**37,222**	13,916	**183,223**	—	**934,788**	756,650	**85,482**	216,783	**1,020,270**	973,433
Additions to non-current segment assets during the year	**11,406**	67,874	**548**	1,429	**16**	25	**3,513**	—	**15,483**	69,328	**122**	585	**15,605**	69,913
Reportable segment liabilities	**(87,669)**	(160,895)	**(195,647)**	(203,905)	**(21,060)**	(3,899)	**(27,615)**	—	**(331,991)**	(368,699)	**(338,863)**	(349,001)	**(670,854)**	(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

	2011	2010
	RMB'000	*RMB'000*
Interest income on financial assets not at fair value through profit or loss	**898**	571
Government subsidy income	**344**	153
Sales of scrap	**2,912**	1,187
Gain on early redemption of promissory note	**—**	2,251
Net (losses)/gains on trading securities	**(38)**	819
Gain on deemed disposal of an associate	**8,101**	—
Gain on a bargain purchase	**6,105**	—
Compensation income on prepayment on acquisition of land use rights	**19,656**	—
Fair value gain on derivative financial instruments	**36,648**	—
Gain on change of estimated cash flows of convertible bonds	**19,355**	—
Rental income from operating leases relating to plant and machinery	**20,149**	—
Loss on disposal of subsidiaries	**—**	(105)
Others	**181**	(443)
	114,311	4,433

7. PROFIT/(LOSS) BEFORE TAXATION

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

		2011	2010
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank and other loans wholly repayable within five years	**16,954**	10,869
	Interest expenses on convertible bonds	**38,236**	1,181
	Interest expenses on convertible note	**13,280**	2,640
	Interest expenses on promissory note	**14,212**	10,464
	Interest expenses on financial liabilities not at fair value through profit or loss	**82,682**	25,154
(b)	**Staff costs (including Directors' remuneration)#:**		
	Contributions to defined contribution retirement plans	**4,790**	4,393
	Salaries, wages and other benefits	**88,404**	88,302
		93,194	92,695
(c)	**Other items:**		
	Amortisation of lease prepayments	**338**	420
	Impairment losses:		
	— trade and other receivables (included in administrative expenses)	**6,360**	3,007
	— property, plant and equipment (included in cost of sales)	**2,637**	—
	— goodwill (included in other operating expenses)	**—**	647,000
	Depreciation for property, plant and equipment#	**19,735**	25,663
	Net foreign exchange gain	**(14,413)**	(6,651)
	Auditors' remuneration — audit services	**987**	1,047
	Operating lease charges		
	— minimum lease payments in respect of property rentals#	**1,897**	786
	Cost of inventories#	**366,050**	420,797
	Loss on disposal of subsidiaries	**—**	105
	Gain on disposal of lease prepayments	**(350)**	—
	Loss on disposal of property, plant and equipment	**787**	860

\# Cost of inventories includes approximately RMB60,228,000 (2010: approximately RMB77,776,000) 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:

	2011	2010
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
Provision for the year	**14,913**	17,333
Over-provision in respect of prior years	**(3,432)**	(779)
Deferred tax		
Origination and reversal of temporary differences	**(2,911)**	(928)
	8,570	15,626

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 (2010: 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 Tax 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 Tax Law. Except for Changzhou Galaxy Electrical Co., Ltd. ("Galaxy Electrical") and Changzhou Galaxy Semiconductor Co., Ltd. ("Galaxy Semiconductor"), the applicable income tax rate to the Group's PRC subsidiaries will gradually be adjusted to 25% in the following five years.

Galaxy Electrical and 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 PRC for Enterprises with Foreign Investment and Foreign Enterprises ("FEIT"), Changzhou Galaxy Hi-New Electric Parts Co., Ltd. ("Galaxy Hi-New"), is located in the coastal economic open zone and is recognised as Production Foreign Invested Enterprises. According to the PRC tax regulations, Galaxy Hi-New is entitled to a tax concession period in which Galaxy Hi-New is 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. Year 2011 is the third year of 50% reduction on the income tax for Galaxy Hi-New. The applicable income tax rate of other PRC subsidiaries is 25% in 2010 and 2011.

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 2011 (2010: Nil).

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately RMB91,518,000 (2010: loss of approximately RMB573,750,000) and the weighted average of 819,000,000 ordinary shares (2010: approximately 626,899,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 January	**819,000**	480,000
Effect of shares issue	—	95,096
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	**819,000**	626,899

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately RMB77,665,000 (2010: loss of approximately RMB573,750,000) and the weighted average number of ordinary shares of approximately 1,025,762,000 ordinary shares (diluted) (2010: approximately 626,899,000 ordinary shares), calculated as follows:

(i) Profit/(Loss) attributable to ordinary equity shareholders of the Company (diluted)

	2011	2010
	RMB'000	*RMB'000*
Profit/(Loss) attributable to ordinary equity shareholders	**91,518**	(573,750)
Effect of effective interest on the liability component of convertible bonds and convertible note (net of tax)	**49,325**	—
Effect of net foreign exchange gain on convertible bonds and convertible note	**(7,175)**	—
Effect of gain on change of estimated cash flows of convertible bonds	**(19,355)**	—
Effect of fair value gain recognised on the derivative component of convertible bonds	**(36,648)**	—
Profit/(Loss) attributable to ordinary equity shareholders (diluted)	**77,665**	(573,750)

(ii) Weighted average number of ordinary shares (diluted)

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**819,000**	626,899
Effect of conversion of convertible bonds	**95,997**	—
Effect of conversion of convertible note	**107,000**	—
Effect of deemed issue of shares under the Company's warrants for nil consideration	**3,765**	—
Weighted average number of ordinary shares (diluted) at 31 December	**1,025,762**	626,899

For the year ended 31 December 2010, the computation of diluted loss per share does not assume the conversion of the Group's outstanding convertible note and convertible bonds since their exercise would result a decrease in loss per share.

11. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Raw materials	**9,054**	8,971
Work in progress	**17,567**	23,121
Finished goods	**21,413**	14,911
	48,034	47,003

12. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**280,721**	215,264
Less: allowance for doubtful debts	**(19,397)**	(15,198)
	261,324	200,066
Other receivables	**53,776**	82,058
Note receivables	**32,132**	33,498
Amounts due from related companies	—	458
Amount due from an associate	—	9,620
Loans and receivables	**347,232**	325,700
Prepayments and deposits	**66,172**	58,758
Gross amount due from customers for contract work	**93,023**	104,887
	506,427	489,345

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 RMB19,397,000 (2010: approximately RMB15,198,000) with the following ageing analysis as of the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
Within three months	**226,049**	182,614
More than three months but within one year	**24,086**	14,730
More than one year	**11,189**	2,722
At 31 December	**261,324**	200,066

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

13. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**110,896**	88,467
Note payables	**—**	40,889
Other payables	**34,909**	32,745
Advance from customers	**14,613**	23,284
Amounts due to related companies	**—**	18,334
Amounts due to Directors	**720**	1,600
Financial liabilities measured at amortised cost	**161,138**	205,319
Gross amount due to customers for contract work	**1,654**	12,487
	162,792	217,806

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

	2011	2010
	RMB'000	*RMB'000*
Within three months	**70,545**	65,031
More than three months but within one year	**32,064**	18,928
More than one year	**8,287**	4,508
	110,896	88,467

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 2011 not provided for in the financial statements were as follows:

	2011	2010
	RMB'000	*RMB'000*
Acquisition of property, plant and equipment		
— Contracted for	**11,385**	839

(b) At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**1,025**	2,538
After 1 year but within 5 years	**445**	1,573
More than 5 years	**827**	907
	2,297	5,018

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

Business Review

Business results of the Group for the year ended 31 December 2011

For the year ended 31 December 2011, the Group recorded a turnover of approximately RMB750,328,000 (2010: approximately RMB804,183,000). The Group's gross profit was approximately RMB139,475,000 (2010: approximately RMB192,479,000). Gross profit margin was approximately 19%. During the year, the Group recorded a net profit of approximately RMB91,518,000 (2010: net loss of approximately RMB573,750,000, or a net profit of approximately RMB73,250,000 excluding an one-off goodwill impairment in the amount of RMB647,000,000), representing a significant increase by approximately RMB665,268,000 or an increase of approximately RMB18,268,000 or 25% compared to last year's net profit excluding an one-off goodwill impairment. As at 31 December 2011, net assets value of the Group was approximately RMB349,416,000 (2010: approximately RMB255,733,000), increasing significantly by approximately 37% from that of last year.

During the year, the Group continued to increase the investment into wind power projects and acquired shareholdings of Hexigten Qi Langcheng Ruifeng Electric Development Co., Ltd. ("Langcheng") and Hebei Hongsong Wind Power Co., Ltd. ("Hongsong"). It has also prioritised the development of the businesses of power grid construction and manufacturing of wind turbine blades as its principal businesses, which are complemented by the manufacturing of diodes and other businesses. While the aforesaid development encompassing diversified businesses can explore different income channels, on the other hand, they can also complement and synergize with each other for the continued enhancement of the Company's business structure. Furthermore, leapfrog development of the various businesses, in particular remarkable improvement in the profitability of the wind power related business, will form a solid foundation for the realisation and reinforcement of integrated development of its wind power operation.

(1) Wind farm investment and operation business

1. Investing in Hongsong

On 12 January 2011, Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd. ("Ruifeng Windpower") (an indirect wholly-owned subsidiary of the Company) acquired the entire equity interest in Chengde Beichen High New Technology Co., Ltd. ("Beichen Hightech"). Beichen Hightech is interested in 5.77% equity interest in Hongsong, which is principally engaged in the wind power business through transmitting clean energy to North China Grid Company Limited ("North China Grid").

Hongsong was established in 2001, and it was one of the pioneers in wind farm operation in Chengde City, Hebei Province, PRC. After over ten years of development, Hongsong has built a sizeable wind resources reserve at its wind farm, and has grown into a "Gold Standard" Clean Development Machanism ("CDM") project qualified for carbon credits in the PRC. The maximum installation capacity of the wind farm operated by Hongsong is 596.4 megawatt (MW).

Hongsong derives its revenue mainly from selling electricity to the North China Grid, with a negligible revenue stream from sub-contracting installation of wind turbine blades and selling of carbon credits. Throughout the past ten years, Hongsong has been profitable and distributed substantial portions of its profits to its shareholders. For the first half of 2011, Hongsong has sold nearly 400 million kilowatt hour (kWh) of electricity to the North China Grid.

As the wind farm of Hongsong is located in the proximity of Langcheng's wind farm, its existing wind power business and grid connection will synergize with the Company's business development plans.

2. *Continued development of Langcheng's wind farm*

On 18 January 2011, Ruifeng Windpower acquired 70% equity interest in Langcheng. The transaction was completed on 23 June 2011, upon which Langcheng became an indirect wholly owned subsidiary of the Company and allowing the Company to own Langcheng's wind farm resources located in Hexigten Qi, Inner Mongolia, PRC.

Langcheng was established in 2005, and was principally engaged in the operation of wind farm which is located in Hexigten Qi, Inner Mongolia, PRC. The maximum installation capacity of Langcheng is 594MW, and construction of the wind farm is under progress. To date, approximately RMB100,000,000 has been invested in the project, with phases I to III of its major infrastructure works including road construction and base ring completed.

With Langcheng's wind farm located in the proximity of the wind farm of Hongsong, it is expected that electricity output upon commencement of operation of Langcheng will be connected and transmitted to the North China Grid.

(2) Power grid construction business

Hebei Beichen Power Grid Construction Co., Ltd. ("Beichen Power Grid") (an indirect wholly-owned subsidiary of the Company) was established in 2001 and was mainly engaged in the construction, installation, maintenance and testing of power facilities.

Beichen Power Grid possesses the qualification of first grade licensed contractor regarding transmission and transformation of electricity issued by the Ministry of Housing and Urban-rural Development, as well as the first grade license to construct and install (repair and test) power facilities issued by the State Electricity Regulatory Commission. Having both first grade licenses, Beichen Power Grid is allowed to carry out contracting works of high voltage power transmission lines above 500 kilovolt (kV) and works of projects for regional subsidiaries of the State Grid Corporation of China.

Apart from the aforesaid certifications, Beichen Power Grid also possesses international standard certifications such as GB/T19001:2000 idt ISO9001:2000, GB/T24001-2004 idt ISO14001:2004 and GB/T28001-2001.

(3) Wind turbine blade manufacturing business

Ruifeng Windpower focuses on the manufacturing and processing of wind turbine blades and parts and its products includes 750 kilowatt (kW) and 1.5MW wind turbine blades. Ruifeng Windpower has passed the ISO9001 quality system certification in 2006.

Ruifeng Windpower has its wind turbine blades production and processing base located in Chengde City, Hebei Province, PRC, enjoying geographical advantage of proximity to wind farms in Hebei and Inner Mongolia (approximately 25% of the installed wind power capacity of China is concentrated in these areas, which will lower the transportation and installation costs of wind turbine blades). The production base has an annual maximum capacity to manufacture 400 sets of 1.5MW wind turbine blades and 240 sets of 750kW wind turbine blades.

The major clients of Ruifeng Windpower include Hebei-based AVIC Huiteng Windpower Equipment Co., Ltd., which is one of the largest wind turbine blades manufacturers in China. Ruifeng Windpower has accumulated extensive experience in construction of large wind turbine blades and it strives to enhance its position in the wind turbine blade manufacturing industry by providing professional and comprehensive services and products to other wind turbine blades manufacturers, with an aim to broaden its client base.

(4) Diodes manufacturing business

Diodes manufacturing business of the Group was mainly operated through the Company's indirect wholly-owned subsidiary Changzhou Galaxy Electrical Co., Ltd. ("Galaxy Electrical").

Galaxy Electrical was principally engaged in the design, development, manufacturing and sales of different types of diodes, and is a major diode manufacturer in China and the largest PRC manufacturer of rectifier diodes.

Leveraging on Galaxy Electrical's professionalism and strengths in the research and development, production, sales and technical support for semiconductor discrete devices, the diodes manufacturing business of the Group maintained stable.

Prospects

Wind energy is the clean energy that is closest to us with the most convenient source and an enormous reserve. The total wind energy in the world is approximately 3 times of the total consumption of the world. For 1% of the total wind energy in the world that is utilised, the world energy consumption can be reduced by 3%. If 1% of the total wind energy in the world is applied in power generation, it will make a contribution of 8% to 9% to the world's total electricity generation. As can be seen, there is infinite room for utilisation of wind power.

During the recent years, with the increasing prominence of issues such as global energy shortage, environmental pollution and global warming, the active exploration of renewable energy has become the key strategic choice for many countries around the world in their search for sustainable development and cultivation of new economic growth points. Of these, the wind power industry enjoys the strongest momentum of development amongst all. In particular, the nuclear leakage in Fukushima, Japan has prompted the countries' increased interest and dependence on wind power and other renewable energies.

In 2011, the PRC has exceeded the United States in both the total connected installed wind power capacity and the additional connected installed capacity for the year, and ranked the top in the world. 2011 marked a special year of historical transition and a milestone year in the history of development of wind power in China. According to the relevant data, the growth rate of wind power generation topped all other energies in China in 2011. However, despite the accumulated connected installed capacity in the PRC accounted for nearly 5% of the total connected installed power capacity, it only accounted for 1.4% of the total electricity consumption, signifying that the utilisation rate of wind power remains extremely limited, with abundant room for development in the future.

With wind power being the most advanced renewable energy in terms of technology, possessing the best conditions for scale-up development and prospects for commercialised development, it is expected that wind power will enjoy unwavering importance as the State's strategic emerging industry. In accordance with the relevant development plans, the accumulated connected installed wind power capacity in China will maintain an annual growth rate of about 15 million kW over the period of the "Twelfth Five-year Plan", bringing immense market potential. Against this background, the PRC wind power industry is about to enter into a brand new phase of development, during which a series of policies and plans including the "Renewable Energy Law" and the "Medium to Long Term Development Plan for Renewable Energy" will exert crucial effects. It is foreseeable that the industry will head for increasingly technological, sophisticated development in the future with an emphasis on enhanced quality and efficiency.

Building on favourable policy platform and industry environment, the Company will fully leverage on the two major wind farms of Hongsong and Langcheng and integrate the resources and edges in its own power grid business to keep accelerating the pace of the wind power related business, in particular the wind power operation. The two major wind farms of Hongsong and Langcheng will create synergy effects due to geographical proximity, turning the area into a large-scale wind farm equipped with an installation capacity of over 1,000MW. The Company aims at becoming an integrated wind power operator that prioritises income from wind power and has a stable cash flow and optimised profitability.

Looking ahead into the future, the Company will adhere to the development strategies of exploring and using wind farm resources and realising integrated operation in the committed exploration and utilisation of renewable energies, whilst integrating the resources and edges of its own power grid business in the pursuit of new development opportunities. At the same time, we will continue to strive for excellence in the development of existing and prospective wind farm projects, and gradually reduce the weight in income accounted by non-wind power businesses such as manufacturing of diodes, in an effort to establish a sound foothold in the wind power industry in the near future, build a solid and extensive foundation for its long-term development, create more value for society and realise higher return for the shareholders and investors of the Company.

FINANCIAL REVIEW

Turnover

During the year under review, the Group's turnover of approximately RMB750,328,000 was derived from two business divisions — the power-related business and the diodes manufacturing business. The power-related business recorded a turnover of approximately RMB369,453,000, representing an increase by approximately 39%, of which approximately RMB317,683,000 was attributed mainly to the power grid construction business for the year under review. The operating base for the power-related business is mainly located in Chengde City, Hebei Province and Inner Mongolia.

The diodes manufacturing business recorded a turnover of approximately RMB380,875,000 for the year under review. The Group's production base for the diodes manufacturing business is mainly located in Changzhou City, Jiangsu Province.

Turnover by business

		Year ended 31 December		Increase/	Approximate change in
		2011	2010	**(Decrease)**	percentage
		RMB million	*RMB million*	***RMB million***	*(%)*
(i)	**Power-related business**				
	Power grid construction and consultation	**317.68**	262.13	55.55	21.19
	Sales and processing of wind turbine blades	**51.77**	4.58	47.19	1,030.35
		369.45	266.71	102.74	38.52
(ii)	**Diodes manufacturing business**				
	Plastic packaged diodes	**264.42**	285.40	(20.98)	(7.35)
	Glass packaged diodes	**29.82**	28.37	1.45	5.11
	Bridge rectifiers	**2.82**	7.55	(4.73)	(62.65)
	Surface mount device packaged diodes	**83.64**	214.73	(131.09)	(61.05)
	Others	**0.18**	1.42	(1.24)	(87.32)
		380.88	537.47	(156.59)	(29.13)
	Total	**750.33**	804.18	(53.85)	(6.70)

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 RMB610,853,000 for the year ended 31 December 2011, represented approximately 81% of the Group's turnover, showing an increase when compared with approximately 76% for the year ended 31 December 2010.

Gross Profit

Gross profit decreased by approximately 28% to approximately RMB139,475,000 (2010: approximately RMB192,479,000), and the gross profit margin has also decreased from approximately 24% to approximately 19% for the year ended 31 December 2011.

Other Revenue and Net Income

Other revenue and net income mainly comprised of fair value gain on derivative financial instruments (2011: approximately RMB36,648,000; 2010: Nil), gain on change of estimated cash flows of convertible bonds (2011: approximately RMB19,355,000; 2010: Nil), gain on a bargain purchase arising from acquisition of Langcheng (2011: approximately RMB6,105,000; 2010: Nil), gain on deemed disposal of an associate Langcheng (2011: approximately RMB8,101,000; 2010: Nil), rental income from operating leases relating to plant and machinery (2011: approximately RMB20,149,000; 2010: Nil), compensation income on prepayment on acquisition of land use rights (2011: approximately RMB19,656,000; 2010: Nil) and interest income on financial assets not at fair value through profit or loss (2011: approximately RMB898,000; 2010: approximately RMB571,000). The significant increase in other revenue and net income by approximately RMB109,878,000 is mainly attributable by the fair value gain on derivative financial instruments, compensation income on prepayment on acquisition of land use rights, gain on change of estimated cash flows of convertible bonds, gain on a bargain purchase arising from acquisition of Langcheng, gain on deemed disposal of an associate Langcheng and rental income from operating leases relating to plant and machinery.

Distribution Costs

Distribution costs mainly include commission expenses from sales and distribution activities, travelling expenses, wages and salaries of sales personnel and transportation costs. Distribution costs for the year ended 31 December 2011, which represented approximately 2% of the Group's total turnover, showing a drop when compared with that of approximately 3% for the year ended 31 December 2010.

Administration Expenses

Administration expenses mainly include wages, salaries and welfare expenses, professional fees, depreciation expenses of office equipment, provision for bad debts, repair expenses and entertainment expenses.

Other Operating Expenses

Other operating expenses for the year ended 31 December 2010 amounting RMB647,000,000 refer to an impairment of goodwill relating to the acquisition of Power Full Group Holdings Limited ("Power Full") which was nil for the year ended 31 December 2011.

Finance Costs

Finance costs refer to interest expenses and bank charges on bank loans obtained, promissory note and convertible bonds/note issued by the Group. It was recorded as approximately RMB82,682,000 for the year ended 31 December 2011 when compared with that of approximately RMB25,154,000 in the previous year. The increase in finance costs were derived from the issuance of the convertible bonds, convertible note and promissory note for acquiring power-related business in both 2010 and 2011.

Taxation

Taxation decreased from approximately RMB15,626,000 for the year ended 31 December 2010 to approximately RMB8,570,000 for the year ended 31 December 2011 as a result of income tax refund for 2011.

Net Profit/(Loss)

The net profit for the year ended 31 December 2011 increased by approximately RMB665,268,000 to approximately RMB91,518,000 (2010: net loss of approximately RMB573,750,000). The significant increase was mainly due to profit generated from power-related business, other revenue and net income and that an impairment of goodwill for acquisition of Power Full of RMB647,000,000 in previous year no longer applied for 2011. Excluding the impairment of goodwill for acquisition of Power Full of RMB647,000,000, the adjusted net profit margin increased from approximately 9% for the year ended 31 December 2010 to approximately 12% for the year ended 31 December 2011.

Net Current Assets

The net current assets of the Group as at 31 December 2011 increased to approximately RMB360,736,000 compared with that of approximately RMB341,646,000 in 2010.

Liquidity and Financing

The cash and bank balances as at 31 December 2011 and 31 December 2010 amounted to approximately RMB86,283,000 (mainly comprised approximately RMB79,924,000, USD445,000 and HKD4,388,000) and approximately RMB208,887,000, respectively.

Total borrowings of the Group as at 31 December 2011 amounted to approximately RMB483,598,000, representing an increase of approximately 7% when compared with that of approximately RMB451,903,000 as at 31 December 2010.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations. The Group's gearing ratio decreased to approximately 66% as at 31 December 2011 from approximately 74% as at 31 December 2010. That ratio was calculated by dividing the Group's total liabilities by its total assets. During 2011, all of the Group's borrowings was settled in Renminbi and Hong Kong dollars. Approximately 85% of the Group's income was denominated in Renminbi and the remaining was denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). Borrowings of the Group amounted to approximately RMB331,598,000 were fixed-rate loans, while RMB152,000,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2011 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.

Placing of Non-Listed Warrants

On 29 April 2011, the Company entered into a placing agreement with Goldin Equities Limited (the "Placing Agent"), pursuant to which the Company agreed to appoint the Placing Agent and the Placing Agent agreed to act, on a best effort basis, to procure not less than six placees at the issue price of HKD0.03 per warrant to subscribe for up to 150,000,000 warrants. The placing was completed on 20 May 2011 and warrants of up to HKD240,000,000 at the initial subscription price of HKD1.60 (subject to adjustment) in aggregate were issued and allotted by the Company pursuant to the placing.

Upon the exercise of the subscription rights attaching to the warrants in full at the initial subscription price of HKD1.60 per share, a maximum of 150,000,000 new ordinary shares of the Company will be issued. 12,000,000 warrants have been exercised during March 2012 and 138,000,000 warrants remain outstanding as at the date of this announcement. Further details of the placing are set out in the announcements of the Company dated 29 April 2011, 3 May 2011 and 20 May 2011, respectively.

Acquisitions

Acquisition of Interest in Beichen Hightech

On 12 January 2011, Ruifeng Windpower (as purchaser) entered into an acquisition agreement with Mr. Li Baosheng (as vendor and guarantor), Mr. Li Baojun, Ms. Li Juan, Ms. Meng Yanrong and Mr. Li Baomin (each as a vendor), pursuant to which the vendors have, respectively, agreed to dispose of and the purchaser has agreed to acquire, in aggregate, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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, 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), is an associate of Mr. Li Baosheng. Mr. Li Baomin and Ms. Li Juan, were also directors of Beichen Power Grid (an indirect wholly-owned subsidiary of the Company) at the relevant time and now deputy general managers 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 approved at the extraordinary general meeting of the Company on 1 March 2011 and was completed.

Further details of the aforesaid acquisition are set out in the announcements of the Company dated 12 January 2011, 2 February 2011 and 1 March 2011, respectively, and the circular of the Company dated 14 February 2011.

Acquisition of Interest in Langcheng

On 18 January 2011, Ruifeng Windpower (as purchaser) entered into an acquisition agreement with Mr. Li Baosheng (as vendor and guarantor) and Mr. Li Baojun (as vendor), 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, Langcheng was 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.

The aforesaid acquisition was approved at the extraordinary general meeting of the Company on 8 June 2011 and was completed in June 2011.

Further details of the aforesaid acquisition are set out in the announcements of the Company dated 25 January 2011, 11 February 2011, 15 March 2011, 13 May 2011 and 8 June 2011, and circular of the Company dated 23 May 2011.

Refreshment of General Mandates

At the extraordinary general meeting of the Company held on 1 March 2011, resolutions were passed by the shareholders of the Company to refresh the mandates granted to the Directors to allot, issue and deal with new 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 said refreshment of general mandates are set out in the circular of the Company dated 14 February 2011, and the announcement of the Company dated 1 March 2011.

Pledge of Assets

As at 31 December 2011, the Group had pledged leasehold land and buildings with net book values of approximately RMB12,554,000 (2010: approximately RMB10,619,000) as security for the bank loans obtained by the Group.

Upon the completion of the acquisition of the entire issued share capital of Power Full by the Company 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 HKD330,000,000.

Upon the issuance of convertible bonds in the principal amount of USD18,580,000 in December 2010 to Advance Gain Enterprises Limited ("Advance Gain"), the entire issued share capital of Power Full was pledged to Advance Gain to secure the Company's obligation under the said convertible bonds.

Contingent Liabilities

As at 31 December 2011 and as at 31 December 2010, the Group had no material contingent liabilities.

Employees

As at 31 December 2011, the Group had approximately 2,200 full-time employees (2010: 2,800) in Hong Kong and the PRC, comprising 900 employees from the power-related business and 1,300 from the business of diodes manufacturing. For the year ended 31 December 2011, the relevant staff costs (including the Directors' remuneration) were approximately RMB93,194,000 (2010: approximately RMB92,695,000). 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 maintain high standards of corporate governance in order to raise the quality of management and protect the interests of shareholders of the Company as a whole. To honor these commitments, the Group believes that good corporate governance reflects that a responsible enterprise must be credit worthy and transparent and abide by a high level of code of practice.

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 (the "Code") for the financial year ended 31 December 2011.

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 2011.

Audit Committee

The audit committee of the Company comprises of three independent non-executive Directors, namely, Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin (appointed on 9 May 2011), and Ms. Wong Wai Ling is the chairman of the audit committee of the Company. The annual results of the Company for the year ended 31 December 2011 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 from 8 May 2012 (Tuesday) to 9 May 2012 (Wednesday) (both dates inclusive), 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 2011.

In order to be eligible to attend and vote at the 2011 Annual General Meeting of the Company to be held on 9 May 2012 (Wednesday), all transfer documents, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on 7 May 2012 (Monday).

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2011 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 2011. 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 2011, 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 2011, 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) Exercise of warrants

In March 2012, 12,000,000 non-listed warrants were exercised by the holders of warrants at the subscription price of HKD1.60 per share, resulting in the issue of 12,000,000 ordinary shares of the Company, the net proceeds from exercise of warrants were approximately HKD19,200,000. Further details of the warrants are also set out in the paragraph headed "Placing of Non-Listed Warrants" above.

(2) Conversion of convertible bonds

In March 2012, conversion rights attached to convertible bonds (issued on 31 December 2010 in a principal amount of USD18,580,000 with a maturity date on 30 June 2013) in an aggregate amount of USD6,000,000 were exercised at a conversion price of HKD1.50 per share; resulting in the issue of 31,000,000 ordinary shares of the Company. Further details of the convertible bonds are set out in the announcement of the Company dated 20 December 2010.

PUBLICATION OF 2011 ANNUAL REPORT

The 2011 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.c-ruifeng.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, 28 March 2012

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 Ms. Hu Xiaolin.