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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

GROUP FINANCIAL HIGHLIGHTS

— The Group's profit/(loss) for the year from continuing operations amounted to approximately RMB24,815,000 (2012: approximately RMB(123,258,000)).

— The Group's profit/(loss) for the year from discontinued operation was approximately RMB12,769,000 (2012: approximately RMB(43,706,000)).

— The Group's turnover for continuing operations significantly increased by approximately 122% to approximately RMB603,341,000 (2012: approximately RMB271,267,000).

— The Group's gross profit for continuing operations increased to approximately RMB143,102,000 (2012: approximately RMB43,473,000).

— The Group's profit/(loss) attributable to equity shareholders amounted to approximately RMB23,502,000 (2012: approximately RMB(166,964,000)).

The favorable financial results for the year ended 31 December 2013 was mainly derived from acquisition of Hebei Hongsong Wind Power Co., Ltd. ("Hongsong").

— Consolidated net assets value of the Group increased considerably to approximately RMB888,566,000 (2012: approximately RMB340,261,000).

— Total equity attributable to equity shareholders of the Company as at 31 December 2013 was approximately RMB383,050,000 (2012: approximately RMB340,261,000).

— Basic and diluted earnings/(loss) per share from continuing operations was approximately RMB0.011 (2012: approximately RMB(0.135)) and that from discontinued operation was approximately RMB0.013 (2012: approximately RMB(0.048)).

— The Board does not recommend a final dividend for the year ended 31 December 2013.

RESULTS

The board (the "Board") of directors (the "Directors") of China Ruifeng Renewable Energy Holdings Limited ("Ruifeng Renew" or the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2013

	Note	**2013** **RMB'000**	2012 RMB'000
Continuing operations			
Turnover	4	**603,341**	271,267
Cost of sales		**(460,239)**	(227,794)
Gross profit		**143,102**	43,473
Other revenue and net income	6	**113,329**	31,906
Distribution costs		**(4,761)**	(5,202)
Administrative expenses		**(55,431)**	(37,823)
Other operating expenses		**(28,662)**	(78,946)
Profit/(Loss) from operations		**167,577**	(46,592)
Finance costs	7(i)(a)	**(142,601)**	(74,665)
Profit/(Loss) before taxation	7	**24,976**	(121,257)
Income tax	8	**(161)**	(2,001)
Profit/(Loss) for the year from continuing operations		**24,815**	(123,258)
Discontinued operation			
Profit/(Loss) for the year from discontinued operation	11	**12,769**	(43,706)
Profit/(Loss) for the year		**37,584**	(166,964)
Attributable to:			
Equity shareholders of the Company		**23,502**	(166,964)
Non-controlling interests		**14,082**	—
Profit/(Loss) for the year		**37,584**	(166,964)
Earnings/(Loss) per share attributable to the owners of the Company during the year			
Basic and diluted	10		
— Continuing operations (RMB)		**0.011**	(0.135)
— Discontinued operation (RMB)		**0.013**	(0.048)
		0.024	(0.183)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
Profit/(Loss) for the year	**37,584**	(166,964)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of operations outside the PRC	**(426)**	(792)
Other comprehensive income for the year (net of tax)	**(426)**	(792)
Total comprehensive income for the year	**37,158**	(167,756)
Total comprehensive income attributable to:		
Equity shareholders of the Company	**23,076**	(167,756)
Non-controlling interests	**14,082**	—
Profit/(Loss) for the year	**37,158**	(167,756)

Consolidated Statement of Financial Position

At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**2,345,202**	182,340
Lease prepayments		**14,477**	10,866
Goodwill		**—**	4,060
Investment in an associate		**11,435**	5,103
Available-for-sale investments		**—**	46,184
Deferred tax assets		**1,935**	3,379
		2,373,049	251,932
Current assets			
Inventories	*12*	**1,089**	30,328
Trade and other receivables	*13*	**614,541**	667,720
Lease prepayments		**446**	249
Pledged bank deposits		**701**	4,151
Tax recoverable		**9,540**	—
Cash and cash equivalents		**135,015**	160,380
		761,332	862,828
Current liabilities			
Trade and other payables	*14*	**456,840**	112,532
Derivative financial instruments		**4,948**	1,528
Borrowings		**287,695**	614,054
Current taxation		**6,096**	8,271
		755,579	736,385
Net current assets		**5,753**	126,443
Total assets less current liabilities		**2,378,802**	378,375
Non-current liabilities			
Other payables	*14*	**20,552**	—
Borrowings		**1,420,497**	23,000
Deferred tax liabilities		**49,187**	15,114
		1,490,236	38,114
Net assets		**888,566**	340,261
Capital and reserves			
Share capital		**9,476**	9,002
Reserves		**373,574**	331,259
Total equity attributable to equity shareholders of the Company		**383,050**	340,261
Non-controlling interests		**505,516**	—
Total equity		**888,566**	340,261

Notes

1. GENERAL INFORMATION

China Ruifeng Renewable Energy Holdings Limited (the "Company") (formerly known as China Ruifeng Galaxy Renewable Energy Holdings Limited) 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 annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2013 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. 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.

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 Company changed its name from China Ruifeng Galaxy Renewable Energy Holdings Limited (中國瑞風銀河新能源控股有限公司) to China Ruifeng Renewable Energy Holdings Limited (中國瑞風新能源控股有限公司) on 8 May 2013. The consolidated financial statements for the year ended 31 December 2013 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 that the following assets and liabilities are stated at their fair value:

— financial instruments classified as available-for-sale; and

— derivative financial instruments.

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 new HKFRSs and amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, *Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance*

- HKFRS 10, *Consolidated financial statements*

- HKFRS 12, *Disclosure of interests in other entities*

- HKFRS 13, *Fair value measurement*

- HKAS 19 (2011), *Employee benefits*

- HKAS 27 (2011), *Separate financial statements*

- HKAS 28 (2011), *Investments in associates and joint ventures*

- *Annual Improvements to HKFRSs 2009-2011 Cycle*

- Amendments to HKFRS 7, Financial instruments: *Disclosures – Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Other than as further explained below, the impact of the adoption of new or amended HKFRSs does not have any significant financial effect on the consolidated financial statement.

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10, Consolidated financial statements

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

4. TURNOVER

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

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

	2013	2012
	RMB'000	*RMB'000*
Continuing operations		
Sales of electricity	**272,640**	—
Revenue from construction contracts and consultation	**326,310**	269,352
Processing income	**4,391**	1,915
	603,341	271,267
Discontinued operation		
Sales of goods	**131,904**	311,720
	735,245	582,987

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 that one of the segments was disposed in May 2013. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

— Wind farm operation: this segment uses wind turbine blades to generate electricity in the People's Republic of China (the "PRC").

— Construction contracts: this segment constructs power grid and wind farm and provides related consultation in the PRC.

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

Discontinued operation:

— Production of diodes: this segment designs, develops, manufactures and sells diodes and related products 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 and income tax payables attributable to the individual segments and 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 EBT" i.e. "adjusted earnings before taxes". To arrive at adjusted EBT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as 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 EBT, 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 2013 and 2012 is set out below.

For the year ended 31 December 2013:

	Continuing operations					Discontinued operation	
	Wind farm operations *RMB'000*	Construction contracts *RMB'000*	Processing of wind turbine blades *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Production of diodes *RMB'000*	Total *RMB'000*
Reportable segment revenue	272,640	326,310	4,391	—	603,341	131,904	735,245
Reportable segment profit/(loss)	89,777	(4,130)	(176)	(13,179)	72,292	12,600	84,892
Impairment loss on goodwill	(4,060)	—	—	—	(4,060)	—	(4,060)
Central administrative costs				(4,651)	(4,651)	—	(4,651)
Finance costs	—	—	—	(38,605)	(38,605)	—	(38,605)
Profit before taxation							37,576
Income tax							8
Profit for the year							37,584

For the year ended 31 December 2012:

	Continuing operations					Discontinued operation	
	Wind farm operations *RMB'000*	Construction contracts *RMB'000*	Processing of wind turbine blades *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Production of diodes *RMB'000*	Total *RMB'000*
Reportable segment revenue	—	269,352	1,915	—	271,267	311,720	582,987
Reportable segment profit/(loss)	451	32,557	(3,201)	704	30,511	8,750	39,261
Impairment loss on goodwill	—	—	—	(78,946)	(78,946)	—	(78,946)
Impairment loss on property, plant and equipment	—	—	—	—	—	(36,351)	(36,351)
Impairment on lease prepayments	—	—	—	—	—	(6,684)	(6,684)
Central administrative costs	—	—	—	(14,899)	(14,899)	—	(14,899)
Finance costs	—	—	—	(57,925)	(57,925)	—	(57,925)
Loss before taxation							(155,544)
Income tax							(11,420)
Loss for the year							(166,964)

Other segment items included in the consolidated statement of profit or loss are as follows:

For the year ended 31 December 2013:

	Continuing operations					Discontinued operation	
	Wind farm operations *RMB'000*	**Construction contracts** *RMB'000*	**Processing of wind turbine blades** *RMB'000*	**Un-allocated** *RMB'000*	**Sub-total** *RMB'000*	**Production of diodes** *RMB'000*	**Total** *RMB'000*
Depreciation and amortisation for the year	**137,596**	**5,236**	**885**	**202**	**143,919**	**2,462**	**146,381**
Interest income	**491**	**43**	**2**	**28**	**564**	**407**	**971**
Assets	**2,592,616**	**500,930**	**21,356**	**8,044**	**3,122,946**	**—**	**3,122,946**
Associate	**11,435**	**—**	**—**	**—**	**11,435**	**—**	**11,435**
Reportable segment assets	**2,604,051**	**500,930**	**21,356**	**8,044**	**3,134,381**	**—**	**3,134,381**
Addtions to non-current segment assets during the year	**309,946**	**2,294**	**—**	**41**	**312,281**	**801**	**313,082**
Reportable segment liabilities	**(1,629,347)**	**(278,769)**	**(9,561)**	**(328,138)**	**(2,245,815)**	**—**	**(2,245,815)**

For the year ended 31 December 2012:

	Continuing operations					Discontinued operation	
	Wind farm operations *RMB'000*	Construction contracts *RMB'000*	Processing of wind turbine blades *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Production of diodes *RMB'000*	Total *RMB'000*
Depreciation and amortisation for the year	111	4,875	860	221	6,067	12,195	18,262
Interest income	12	38	4	3	57	482	539
Share of profit less losses of associates	—	—	—	—	—	(3)	(3)
Assets	394,609	402,985	20,675	39,816	858,085	251,572	1,109,657
Associate	—	—	—	—	—	5,103	5,103
Reportable segment assets	394,609	402,985	20,675	39,816	858,085	256,675	1,114,760
Addtions to non-current segment assets during the year	50	9,626	—	849	10,525	4,319	14,844
Reportable segment liabilities	(102,644)	(185,009)	(9,106)	(382,303)	(679,062)	(95,437)	(774,499)

(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.

(c) Information about major customers

For the year ended 31 December 2013, revenue of approximately RMB103,243,000 (2012: approximately RMB135,691,000) was made to a single customer attributable to the construction contracts segment comprising approximately 14% (2012: approximately 23%) of the total revenue of the Group.

For the year ended 31 December 2013, revenue of approximately RMB272,640,000 (2012: Nil) was made to a single customer attributable to the wind farm operation segment comprising approximately 37% (2012: Nil) of the total revenue of the Group.

6. OTHER REVENUE AND NET INCOME

	2013	2012
	RMB'000	*RMB'000*
Continuing operations		
Interest income on financial assets not at fair value through profit or loss	**564**	57
Government subsidy income	**1,693**	—
Sales of scrap	**—**	(43)
Dividend income from available-for-sale investments	**5,916**	4,087
Compensation income on prepayment on acquisition of land use rights	**3,799**	4,201
Fair value (loss)/gain on derivative financial instruments	**(827)**	701
Rental income from operating leases related to plant and machinery	**20,314**	22,903
Gain on a bargain purchase	**82,805**	—
Others	**(935)**	—
	113,329	31,906
Discontinued operation		
Interest income on financial assets not at fair value through profit or loss	**407**	482
Government subsidy income	**—**	666
Sales of scrap	**978**	2,625
Rental income from operating leases related to plant and machinery	**14**	27
Others	**35**	364
	1,434	4,164
	114,763	36,070

7. PROFIT/(LOSS) BEFORE TAXATION

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

	2013 *RMB'000*	2012 *RMB'000*
(a) Finance costs:		
Interest on bank and other loans wholly repayable within five years	**76,252**	17,028
Interest on bank loans repayable more than five years	**44,331**	—
Interest expenses on convertible bonds	**11,701**	30,611
Interest expenses on convertible note	**5,353**	12,914
Interest expenses on promissory note	**4,964**	14,112
Interest expenses on financial liabilities not at fair value through profit or loss	**142,601**	74,665
(b) Staff costs (including Directors' remuneration)#:		
Contributions to defined contribution retirement plans	**3,228**	1,330
Salaries, wages and other benefits	**45,749**	34,504
	48,977	35,834
(c) Other items:		
Amortisation of lease prepayments	**446**	109
Impairment losses:		
— trade and other receivables (included in administrative expenses)	**7,628**	111
— goodwill (included in other operating expenses)	**4,060**	78,946
Loss on redemption of convertible bonds	**12,418**	—
Loss on deemed disposal of available-for-sale investment	**12,184**	—
Depreciation for property, plant and equipment#	**143,473**	5,958
Net foreign exchange (gain)/loss	**(9,643)**	1,623
Auditors' remuneration		
— audit services	**1,013**	1,014
Operating lease charges		
— minimum lease payments in respect of property rentals#	**7,696**	1,305
Cost of inventories#	**2,985**	1,862
Loss on disposal of property, plant and equipment	**157**	274

Cost of inventories includes approximately RMB2,163,000 (2012: approximately RMB1,485,000) 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(i)(b) for each of these types of expenses.

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

	2013	2012
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on bank and other loans wholly repayable within five years	**109**	349
Interest expenses on financial liabilities not at fair value through profit or loss	**109**	349
(b) Staff costs (including Directors' remuneration)#:		
Contributions to defined contribution retirement plans	**1,668**	3,680
Salaries, wages and other benefits	**24,642**	56,957
	26,310	60,637
(c) Other items:		
Amortisation of lease prepayments	**57**	293
Impairment losses:		
— trade and other receivables (included in administrative expenses)	**3,505**	107
— property, plant and equipment (included in cost of sales)	**—**	36,351
— lease prepayments (included in other operating expenses)	**—**	6,684
Depreciation for property, plant and equipment#	**2,405**	11,902
Net foreign exchange loss	**431**	183
Auditors' remuneration		
— audit services	**—**	243
Operating lease charges		
— minimum lease payments in respect of property rentals#	**53**	225
Cost of inventories#	**111,402**	306,596
Gain on disposal of property, plant and equipment	**(6)**	(401)

Cost of inventories includes approximately RMB20,339,000 (2012: approximately RMB51,365,000) 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(ii)(b) for each of these types of expenses.

8. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2013	2012
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**6,155**	3,477
Under-provision in respect of prior years	**226**	683
Deferred tax		
Origination and reversal of temporary differences	**(6,220)**	(2,159)
	161	2,001
Discontinued operation		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**243**	4,391
Over-provision in respect of prior years	**(412)**	(1,196)
Deferred tax		
Origination and reversal of temporary differences	**—**	6,224
	(169)	9,419
	(8)	11,420

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 (2012: Nil).

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

Pursuant to Caishui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, Hebei Hongsong Wind Power Co., Ltd. ("Hongsong"), is engaged in public infrastructure projects which are set up after 1 January 2008, is entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from its respective first operating income ("3+3 tax holiday"). Accordingly, Hongsong's certain profit, derived from public infrastructure projects which are set up after 1 January 2008, was exempted from the PRC Enterprise Income Tax ("EIT") for the years ended 31 December 2010, 2011 and 2012, followed by a 50% EIT reduction for the years ending 31 December 2013, 2014 and 2015.

In addition, pursuant to Caishui 2012 No. 10 Notice on the Implementation of Public infrastructure Projects and Projects of Environmental Protection, Energy Saving and Water Conservation Entitled for Preferential Tax Treatment, certain wind power projects of the Group, which are approved before 31 December 2007, are also entitled to the 3+3 tax holiday commencing from the year in which the first operating income was derived but could only enjoy those tax benefit subsequent to 1 January 2008. In this connection, Hongsong has obtained the approval from the relevant tax authority to reduce its future income tax liabilities. Accordingly, a tax recoverable amounting approximately RMB30,581,000 was recognised during the year 31 December 2012 with respect to relevant tax paid during 2008 to 2012 and the unused tax recoverable amounting approximately RMB9,540,000 was recognised in the consolidated statement of financial position as at 31 December 2013.

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries from continuing operations is 25% in 2013.

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 is 25% in 2012.

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 2012.

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 2013 (2012: 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/(loss) attributable to ordinary equity shareholders of the Company from continuing operations of approximately RMB10,733,000 (2012: approximately RMB(123,258,000)).

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary equity shareholders of the Company from discontinued operation of approximately RMB12,769,000 (2012: approximately RMB(43,706,000)).

The weighted average of approximately 1,003,123,000 ordinary shares (2012: approximately 912,114,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**974,300**	819,000
Effect of exercise of warrants	**—**	45,044
Effect of conversion of convertible note	**28,804**	22,830
Effect of conversion of convertible bonds	**—**	25,240
Effect of issue of commission shares	**19**	—
Weighted average number of ordinary shares at 31 December	**1,003,123**	912,114

(b) Diluted earnings/(loss) per share

For the year ended 31 December 2013, the computation of diluted earnings per share does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result an increase in earnings per share.

For the year ended 31 December 2012, 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. DISCONTINUED OPERATION

On 22 May 2013, the Group disposed its entire equity interest in Sun Light Planet Limited ("Sun Light"). The results of the production of diodes business carried out by the Group up to the date of disposal is presented in the consolidated financial statements of the Group as discontinued operation. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the production of diodes business as a discontinued operation.

		2013	2012
	Note	***RMB'000***	*RMB'000*
Turnover	*4*	**131,904**	311,720
Cost of sales		**(111,401)**	(306,597)
Gross profit		**20,503**	5,123
Other revenue and net income	*6*	**1,434**	4,164
Distribution costs		**(2,649)**	(7,622)
Administrative expenses		**(15,663)**	(28,916)
Other operating expenses		**—**	(6,684)
Profit/(Loss) from operations		**3,625**	(33,935)
Finance costs	*7(ii)(a)*	**(109)**	(349)
Share of profits less losses of associates		**—**	(3)
Profit/(Loss) before taxation	*7*	**3,516**	(34,287)
Income tax	*8*	**169**	(9,419)
		3,685	(43,706)
Gain on disposal of subsidiaries		**9,084**	—
Profit /(Loss) for the year from discontinued operation		**12,769**	(43,706)

12. INVENTORIES

	2013	2012
	RMB'000	*RMB'000*
Raw materials	—	6,661
Work in progress	—	10,347
Finished goods	**1,089**	13,320
	1,089	30,328

13. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**161,635**	216,527
Less: allowance for doubtful debts	**(7,739)**	(19,615)
	153,896	196,912
Other receivables	**74,579**	76,966
Loan receivables	**47,720**	—
Note receivables	**14,750**	22,718
Amount due from a Director	—	725
Loans and receivables	**290,945**	297,321
Prepayments and deposits	**208,667**	163,936
Deposit for acquisition a subsidiary	—	129,000
Gross amount due from customers for contract work	**114,929**	77,463
	614,541	667,720

All of the trade and other receivables (including note receivables, loan receivables and amount due from a Director) are expected to be recovered or recognised as expense within one year.

As at 31 December 2013, the loan receivables from independent third parties of approximately RMB47,720,000 were unsecured, interest free and fully settled in March 2014. The Directors believe that no provision for impairment was required.

(a) Ageing analysis

Trade receivables are net of allowance for doubtful debts of approximately RMB7,739,000 (2012: approximately RMB19,615,000) with the following ageing analysis as of the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
Within three months	**34,813**	130,077
More than three months but within one year	**57,986**	41,718
More than one year	**61,097**	25,117
At 31 December	**153,896**	196,912

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

14. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**268,945**	76,297
Other payables *(note i)*	**112,273**	20,080
Amounts due to Directors *(note ii)*	**12,231**	2,722
Amounts due to non-controlling interests *(note ii)*	**13,570**	—
Amount due to an associate *(note ii)*	**34,921**	—
Financial liabilities measured at amortised cost	**441,940**	99,099
Gross amount due to customers for contract work	**20,440**	2,993
Advance from customers	**15,012**	10,440
	477,392	112,532
Less: non-current portion of other payables	**(20,552)**	—
	456,840	112,532

Notes:

(i) As at 31 December 2013, the balance included in the other payables amounting of approximately RMB92,533,000 represented the outstanding payable to the vendors for the acquisition of approximately 20.93% equity interest in Hebei Hongsong Renewable Energy Investment Co., Ltd. ("Hongsong Renewable Energy") by the Group during the year.

(ii) The amounts were unsecured, interest free and repayable on demand.

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

	2013	2012
	RMB'000	*RMB'000*
Within three months	**175,880**	51,408
More than three months but within one year	**72,189**	17,799
More than one year	**20,876**	7,090
	268,945	76,297

All of the trade and other payables (including amounts due to Directors, non-controlling interests and an associate) are expected to be settled or recognised as income within one year, except for the non-current portion of other payables.

15. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2013 not provided for in the financial statements were as follows:

	2013	2012
	RMB'000	*RMB'000*
Capital injection		
— Contracted for	**387,562**	—
Acquisition of a subsidiary		
— Contracted for	**154,254**	516,000
Acquisition of property, plant and equipment and land use rights		
— Contracted for	**163,309**	453,678
	705,125	969,678

(b) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**684**	1,631
After 1 year but within 5 years	**196**	1,085
More than 5 years	**—**	828
	880	3,544

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

Results of the Group for the year ended 31 December 2013

For the year ended 31 December 2013, the Group's turnover from continuing operations amounted to approximately RMB603,341,000 (2012: approximately RMB271,267,000), representing a significant increase of approximately 122% over that of 2012. Gross profit from continuing operations increased significantly by approximately 229% to approximately RMB143,102,000 for the year ended 31 December 2013 (2012: approximately RMB43,473,000). The profit attributable to equity shareholders of the Company was approximately RMB23,502,000 (2012: loss attributable to equity shareholders of the Company was approximately RMB166,964,000).

The financial results for the year ended 31 December 2013 improved significantly, which was mainly attributable to improved operating results of the wind farm operation after the acquisition of Hongsong.

During the year, the Group continued to step up the investment in the wind power projects. Through the acquisition of the controlling stake in Hongsong under the Capital Increment Agreement (please also refer to the paragraph headed "Acquisition of interest in Hongsong" for further details), the principal business of the Group was smoothly transited into wind power related business, laying a solid foundation for the Group.

Leveraging on the wind farms resources and power grid construction business, the Group aspires to be an efficient integrated wind power operator, focusing on developing and operating wind farms, providing maintenance services to wind farms and exploring clean energy, power saving and environmental protection related businesses.

(1) Wind farm operation

For the year ended 31 December 2013, the wind farm operation recorded a profit of approximately RMB89,777,000 (2012: approximately RMB451,000). The significant increase is due to the increase in investment in Hongsong.

1. Investment in Hongsong

After the Group's initial capital injection into Hongsong, the Company further exercised firmer control over Hongsong via the shareholders' meeting of Hongsong held in May 2013. The meeting further enhanced the Group's control over the corporate governance and effort to improve the management team of Hongsong. The newly installed capacity of 49.5MW from each phase of Hongsong's wind farm phase 8 and phase 9 in 2013 also lay a solid foundation for its sustainable development.

Hongsong's principal business is wind power generation. Hongsong derives its revenue mainly from selling electricity to the State Power Grid, with a small portion of revenue being derived from sub-contracting installation of wind turbine blades. In 2013, the on-grid tariff of Hongsong was approximately RMB0.5498/kWh (including value-added tax) (2012: approximately RMB0.5523/kWh).

2. *Continuous development of Hexigten Qi Langcheng Ruifeng Electric Development Co, Ltd. ("Langcheng")'s wind farm*

Langcheng is an indirect wholly-owned subsidiary of the Company which is located in Hexigten Qi, Inner Mongolia, the PRC. Langcheng is established in 2005 and is principally engaged in the operation of wind farm located in Hexigten Qi, Inner Mongolia. The maximum installable 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 its major infrastructure works including road construction and base ring of phases 1 to 3 completed. On 30 September 2013, an agreement to transfer the entire equity interest of Langcheng from Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd. ("Ruifeng Windpower") (an indirect wholly-owned subsidiary of the Company) to Hongsong was entered into, with an aim to manage the development of the wind farm of Langcheng more effectively.

(2) Construction contracts

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

In 2013, the construction contracts business operated by Beichen Power Grid recorded a loss of approximately RMB4,130,000 (2012: a profit of approximately RMB32,557,000). Leveraging on the sound corporate reputation of Beichen Power Grid in the industry and its ample number of projects, it is believed that the profitability from the business will recover soon.

(3) Production of wind turbine blades

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

(4) Production of diodes (discontinued operation)

With focusing of the Group's development on wind power business being an important step of the Group's business restructuring, the Group completed the disposal of its production of diodes business on 22 May 2013. The production of diodes business of the Group was mainly operated through Sun Light, a then direct wholly-owned subsidiary of the Company. The Group disposed of all its shareholdings in Sun Light for a consideration of HKD220 million in the first half of 2013. Upon completion of the disposal, the Group recorded a gain on the disposal of approximately RMB9.08 million.

Prospects

Looking into the future, the swift development of the Group's principal business, wind farm business, will provide persistent momentum for the Group's development in the forthcoming years. Apart from the emphases placed on renewable energy by the "Twelfth Five-Year Plan" in China, the future development of wind power and renewable energy also received increasing attention due to the increasing awareness of society and the government in the PRC towards the significance of environmental protection and pollution issues. The development of the Group will also benefit from the relevant policies and the changes in its own structure.

Businesses of the Group

Capital injection into Hongsong: In 2013, Ruifeng Renew has increased its investment in Hongsong, leading to a significant increase in the weighing of wind power business in the Group. The Group will continue to fortify the integration of Hongsong with the Group and enhance its interaction with other businesses of the Group. In the future, the Group will continue to seek opportunities to increase its investments in Hongsong and at the same time will consider other possible opportunities of mergers and acquisitions.

Construction contracts business: The Company has adopted effective measures to tune the operation of the construction contracts business in 2014. Under the premise of ensuring a steady growth of the market share of the business, the Company has carried out proactive and effective measures in operation style and the structure of construction team. it is expected that the profitability will improve in the coming year.

Business integration: In the future, the Group will concentrate its efforts on developing the wind farms of Langcheng and Hongsong into one large scale wind farm with a total capacity of over 1,000 MW, with the target of fortifying the Group's position in the renewable energy industry. On the other hand, the Group is reorganizing its business structure and will dispose of the equity interests in Langcheng to Hongsong in order to focus the Group's wind power resources to more effectively develop Langcheng. During the restructuring of business and resources, the Group will proactively explore the synergistic opportunities between different businesses, which will in turn expand and reinforce the revenue and profits from different businesses and establish the advantages of the Group as an integrated wind power operator.

Favourable tax policy:

Starting from the commencement date of operation of phase 8 and phase 9 of Hongsong, Hongsong is entitled to a tax concession period of enterprise income tax for the profit contributed by the newly installed capacity with full tax exemption for the first three years commencing from its operation and 50% reduction in the next three years. As such, the profit contribution by the new phases is expected higher than those by previous phases.

Improvement in financial structure: In 2013, the Group has also adjusted its capital structure. The Group has redeemed most convertible bonds and all promissory note, and all outstanding convertible notes have been converted into ordinary shares of the Company as at the date of this announcement.

Government Policies

Environmental protection and pollution issues gaining increasing awareness: It is expected that the PRC government will continue its policies of economic restructuring and macro-economic control in 2014. At the beginning of 2014, various PRC local government bureaus have downward adjusted their GDP growth targets respectively. In response to the issue of smog and other air pollution issues, the Ministry of Environmental Protection has signed responsibility pledges with numerous provinces on the reduction targets of annual concentration of PM2.5. Mr. Li Keqiang, Premier of the State Council also proposed stepping up the administration of smog and other air pollution issues at the State Council executive meeting chaired by him in February 2014. It is expected that Hongsong and the wind power industry will continue to benefit from the policies.

Grid infrastructure: Against the backdrop of increasing awareness towards environmental protection and pollution issues by the government and society in the PRC, it is expected that the State Grid will further accelerate the grid construction. At the working conference in 2014, the State Grid has proposed accelerating the construction of ultra-high voltage projects and cross-region grids. Moreover, the anticipated growth rate of grid construction budget for 2014 prescribed by the State Grid is higher than that of 2013. The accelerated construction of ultra-high voltage grid by the State Grid will greatly enhance the capability of transmitting renewable energy power from the remote electricity generation regions to provinces and cities with strong demand for power in order to enhance the cross-province transmission of electricity, which will in turn stimulate the demand for renewable energy in the PRC.

In respect of Hebei, the power grid company also expedited the construction of grid infrastructures, which would significantly benefit the development of Hongsong for 2014 and afterwards. The 500kV Yudaokou transformer station in Chengde region commenced official operation at the beginning of January 2014 as the first 500kV transformer station under the direct management of Jibei's Power Company to significantly increase the ultilisation of wind power in the Chengde region. Since Hongsong is located in the region and it is definitely a beneficiary. In addition, Jibei Power Company has a number of power transmission and transformation projects under intense pre-construction works, which are expected to continuously enhance the resilience of Jibei grids' capability against catastrophes and capability of enhanced resource allocation. Jibei Power Company also plans to complete the construction of Zhangbei-Nanchang ultra-high voltage power lines by 2015. Upon completion of the power lines, wind power from Hebei will be transmitted to the south of Yangtze River, effectively increasing the demand for clean energy of Hongsong and other renewable energy power companies at Hebei Province.

Business opportunity from Chengde: In March 2014, the PRC government affirmed a strategic roadmap of integrated development of Beijing, Tianjin and Hebei. The construction of Beijing-Chengde high speed railway has already started. According to the roadmap, Chengde will be developed into a clean and renowned ecotourism city. The development of Chengde will bring to the Company with a huge business opportunity for the renewable energy business's development.

Financial position: In 2013, the Ministry of Finance of the PRC government has gradually expedited the payment of renewable energy subsidy, with a target of shortening the payment time to approximately 90 days. It is expected that this will significantly enhance the cashflow of Hongsong and other wind power operators.

Market demand: Market research also anticipates the promulgation of Renewable Portfolio Standards ("RPS") by the PRC government in the future to encourage raising the mix of renewable energy generated power in power supply of local power supplier, with the aim of increasing the application of renewable energy in different provinces and promoting the cross-regional transmission of renewable energy. Once promulgated, the related system will more effectively promote the application of renewable energy power in the PRC and facilitate the future development of Hongsong.

Strengthening the core business, streamlining other businesses, relieving specific financial burden and changing the Company's name to refresh the corporate image were the four important measures implemented by the Group in 2013, with an aim to focus its principal activities on renewable energy business. In the future, the Group will continuously focus its resources on the development of wind farm operation and endeavor to become one of the pillars of renewable energy industry in the northern region of the PRC.

Looking ahead, by capitalising on its existing wind farm resources and led by tactic to transform businesses into integrated wind power operation, the Company will relentlessly commit to developing renewable energy and exploring renewable energy's application. By integrating the resources of wind farm business with construction contract business, the Company will continue its pursuit of new business development opportunity. Notwithstanding to that, we will continue to strive under the support of the government for excellence in the development of the existing and potential wind farm projects in an effort to build a solid and extensive foundation for its long-term development, and to create values for society and strive for higher return for the shareholders and investors of the Company.

FINANCIAL REVIEW

Turnover

During the year under review, after the disposal of the diodes manufacturing business in May 2013, the Group's turnover was mainly derived from the power-related business. The power-related business recorded a turnover of approximately RMB603,341,000, representing an increase by approximately 122%. After the acquisition of Hongsong in January 2013, a new source of income, wind power generation, resulted in a turnover of approximately RMB272,640,000 under the power-related business. A turnover of approximately RMB330,701,000 was attributed to the power grid construction contracts and consultation business and processing of wind turbine blades. The Group's operating bases for the power-related business are mainly located in Chengde City of Hebei Province.

Analysis of the Group's turnover from continuing operations by its businesses for the year ended 31 December 2013 is set out below:

Turnover by business

	Year ended 31 December			Approximate Change in
	2013	2012	**Increase**	**percentage**
	RMB million	*RMB million*	*RMB million*	*(%)*
Power-related business				
Wind power generation	**272.64**	—	272.64	N/A
Power grid construction and consultation	**326.31**	269.35	56.96	21.15
Processing of wind turbine blades	**4.39**	1.92	2.47	128.65
Total	**603.34**	271.27	332.07	122.41

Cost of Sales

Cost of sales from continuing operations mainly includes the cost of raw materials, staff costs, depreciation, cost for usage of machineries, water, electricity, gas and other ancillary materials. Cost of sales for the year ended 31 December 2013 accounted for approximately RMB460,239,000, which represented approximately 76% of the Group's turnover, showing a decrease from that of approximately 84% for the year ended 31 December 2012. The decrease was mainly attributed to the acquisition of Hongsong in the wind power generation business which was of higher gross profit margin.

Gross Profit

Gross profit from continuing operations increased by approximately 229% to approximately RMB143,102,000 (2012: approximately RMB43,473,000) which was primarily derived from the operating result of the Group's power-related business. The gross profit margin has also increased from approximately 16% to approximately 24% for the year ended 31 December 2013 since the acquisition of Hongsong in January 2013.

Other Revenue and Net Income

Other revenue and net income from continuing operations mainly comprised of gain on a bargain purchase arising from the acquisition of Hongsong (2013: approximately RMB82,805,000; 2012: Nil), rental income from operating leases related to plant and machinery (2013: approximately RMB20,314,000; 2012: approximately RMB22,903,000), dividend income from available-for-sale investments (2013: approximately RMB5,916,000; 2012: approximately RMB4,087,000), government subsidy income (2013: approximately RMB1,693,000; 2012: Nil), and compensation income on prepayment on acquisition of land use rights (2013: approximately RMB3,799,000; 2012: approximately RMB4,201,000). The significant increase in other revenue and net income by approximately RMB81,423,000 was mainly due to the gain on a bargain purchase from the acquisition of Hongsong.

Distribution Costs

Distribution costs from continuing operations mainly include transportation costs, depreciation expenses, staff costs and entertainment expenses. Distribution costs for the year ended 31 December 2013 represented approximately 1% of the Group's total turnover, which is similar to that of approximately 2% for the corresponding year in 2012.

Administration Expenses

Administration expenses from continuing operations mainly include wages, salaries and welfare expenses, professional fees, rental expenses, entertainment expenses, travelling expenses, office expenses, other taxation expenses, exchange gain and allowance of doubtful debts for trade receivables. It increased by approximately 47% to approximately RMB55,431,000 for the year ended 31 December 2013 when compared with that of approximately RMB37,823,000 for the year ended 31 December 2012. The increase was mainly derived from the expenses of the newly acquired Hongsong for the year ended 31 December 2013.

Other Operating Expenses

Other operating expenses from continuing operations for the year ended 31 December 2013 comprised of impairment of goodwill, loss on redemption of convertible bonds and loss on deemed disposal of investment with the total amount of approximately RMB28,662,000 (2012: approximately RMB78,946,000).

Finance Costs

Finance costs from continuing operations mainly refer to interest expenses and bank charges on bank loans obtained, promissory note and convertible bonds/note issued by the Group. It amounted to approximately RMB142,601,000 for the year ended 31 December 2013 while it amounted to approximately RMB74,665,000 in the corresponding period of 2012. The significant increase was mainly derived from interest expenses of bank loans from the newly acquired Hongsong. As convertible bonds issued in December 2010 and promissory note were both settled in May 2013, and all outstanding convertible notes were converted in July 2013, no such interest expenses were incurred for those instruments afterwards.

Taxation

Taxation expenses from continuing operations decreased to approximately RMB161,000 for the year ended 31 December 2013 (2012: approximately RMB2,001,000). Such a significant decrease was mainly derived from deferred tax income of newly acquired Hongsong which reduced the taxation expenses.

Profit/(Loss) for the Year

Profit/(loss) for the year ended 31 December 2013 from continuing operations was approximately RMB24,815,000 (2012: approximately RMB(123,258,000)). The significant increase was mainly arising from the acquisition of Hongsong.

Profit/(loss) attributable to equity shareholders of the Company was approximately RMB23,502,000 (2012: approximately RMB(166,964,000)).

Profit/(loss) for the year from discontinued operation was approximately RMB12,769,000 (2012: approximately RMB43,706,000).

Net Current Assets

Net current assets of the Group as at 31 December 2013 decreased significantly to approximately RMB5,753,000 when compared with that of approximately RMB126,443,000 as at 31 December 2012. The decrease in net current assets was mainly due to the increase in payables for procurement of wind farm equipment.

Liquidity and Financing

The cash and bank balances as at 31 December 2013 and 31 December 2012 amounted to approximately RMB135,716,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which comprised approximately RMB75,595,000, USD8,612,000 and HKD8,679,000), and approximately RMB164,531,000, respectively.

Total borrowings of the Group as at 31 December 2013 amounted to approximately RMB1,708,192,000, representing a significant increase of approximately RMB1,071,138,000 when compared with approximately RMB637,054,000 as at 31 December 2012. The significant increase was mainly due to the newly acquired Hongsong, of which the balance of borrowings approximately amounted to RMB1,179,500,000 as at 31 December 2013.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other financing. The Group's gearing ratio slightly increased to approximately 72% as at 31 December 2013 from approximately 69% as at 31 December 2012. That ratio was calculated by dividing the Group's total liabilities by its total assets. During 2013, all of the Group's borrowings was settled in RMB, USD and HKD. Approximately 100% of the Group's income was denominated in RMB. Other interest free borrowings and interest bearing borrowings were approximately RMB41,945,000 and approximately RMB1,666,247,000 respectively as at 31 December 2013. Among the interest bearing borrowings of the Group, approximately RMB31,145,000 were fixed rate loans, while RMB1,635,102,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2013 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.

Redemption of Convertible Bonds

Pursuant to the subscription agreement between the Company and Advance Gain Enterprises Limited ("Advance Gain") dated 19 December 2010, Advance Gain agreed to subscribe for convertible bonds of the Company in the principal amount of USD18,580,000 in cash at 100% of their principal amount. Based on the initial conversion price of HKD1.50 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 of ordinary shares may be allotted and issued.

In May 2013, the Company has redeemed all the outstanding convertible bonds with the principal amount of USD12,580,000.

Conversion of Convertible Note

Pursuant to the conditional agreement dated 1 April 2010 between the Company (as purchaser), Brown Beauty Business Limited (as vendor) and Mr. Riley M Chung (as guarantor), the Company acquired from Brown Beauty Business Limited the entire issued share capital of Power Full Group Holdings Limited ("Power Full") for a total consideration of HKD830 million settled by, amongst others, issuance of convertible note in the principal amount of HKD155 million to Diamond Era Holdings Limited ("Diamond Era") upon completion of the acquisition on 7 July 2010). Based on the initial conversion price of HKD1 per share to be allotted and issued upon exercise of the conversion rights attached to the said convertible note, a maximum number of 155,000,000 ordinary shares may be allotted and issued.

In July 2013, the conversion rights attached to the convertible note from all the then outstanding principal amount of HKD58,700,000 have been exercised, and accordingly, 58,700,000 ordinary shares of the Company were issued.

Issuance of Convertible Bonds

On 12 December 2013, the Company entered into the subscription agreement with Investec Bank Limited (the "Subscriber"), to which the Company agreed to issue and the Subscriber agreed to subscribe for the zero coupon unsecured convertible bonds in the principal amount of HKD30,000,000. Under the conditions, the conversion price will be reset each day and, in respect of each day, be an amount equal to the higher of: (a) 95% of the closing price of the shares on the immediately preceding trading day; and (b) the minimum conversion price which cannot be lower than HKD1.59. Based on the initial conversion price of HKD1.85, a maximum number of 16,216,000 ordinary shares may be allotted and issued upon exercise of the conversion rights in full. Meanwhile, based on the minimum conversion price of HKD1.59, a maximum number of 18,864,000 new ordinary shares may be allotted and issued upon exercise of the conversion rights in full.

In December 2013, 772,000 ordinary shares representing the commission shares have been issued at a price of HKD1.9531 per share. No conversion right attached to said convertible bonds have been exercised as at 31 December 2013.

In February and March 2014, conversion rights attached to the convertible bonds in an aggregate amount of HKD1,500,000, HKD1,500,000, HKD2,500,000, HKD1,500,000, HKD4,000,000 and HKD1,500,000 were exercised at conversion price of HKD1.89, HKD1.88, HKD1.87, HKD1.85 HKD1.80 and HKD1.79 respectively, resulting in an issue of total 6,780,000 ordinary shares of the Company. The outstanding principal amount of the convertible bonds was HKD17,500,000 as at the date of this announcement.

Details of the subscription are set out in the announcements of the Company dated 12 December 2013 and 20 December 2013 respectively.

Termination of Connected Transactions in relation to Acquisition of Land Use Rights and Properties involving Issue of Convertible Note and Promissory Note

On 14 November 2012, Beichen Power Grid (as purchaser) entered into six acquisition agreements with Mr. Li Baosheng (as vendor), pursuant to which the purchaser conditionally agreed to acquire the land use rights for the lands and the properties at an aggregate consideration of RMB280,000,000, which shall be satisfied by paying Mr. Li in cash and issue to Mr. Li (or his nominee) promissory note and convertible note in the following way:

Contract	Consideration	Location of the land/properties
Land use rights transfer contract 1	RMB58,000,000 in cash (or its HKD equivalent) or promissory note in the principal amount of RMB58,000,000 (or its HKD equivalent)	Songshugou Village, Shuangtashan Town, Shuangluan District, Chengde City
Land use rights transfer contract 2	Convertible note in the principal amount of RMB41,000,000 (or its HKD equivalent)	Shiziyuen Village, Shuiquangou Town, Shuangqiao District, Chengde City
Land use rights transfer contract 3	Convertible note in the principal amount of RMB13,000,000 (or its HKD equivalent)	No. 65, Shiziyuen Village, Shuangqiao District, Chengde City

Contract	Consideration	Location of the land/properties
Property sale and purchase contract 1	Convertible note in the principal amount of RMB43,000,000 (or its HKD equivalent) and (i) a sum of RMB17,000,000 in cash (or its HKD equivalent); or (ii) promissory note in the amount of RMB17,000,000 (or its HKD equivalent)	Songshugou Village, Shuangtashan Town, Shuangluan District, Chengde City
Property sale and purchase contract 2	Convertible note equivalent to RMB53,000,000 (or its HKD equivalent)	Shizigou Village, Shuiquanggou Town, Shuangqiao District, Chengde City
Property sale and purchase contract 3	Convertible note equivalent to RMB55,000,000 (or its HKD equivalent)	Jiangjiagou, Shuiquangou, Toudao Pailou, Shuangqiao District, Chengde City

Completion of the transactions under the aforesaid contracts are inter-conditional. The aforesaid convertible note in an aggregate principal amount of RMB205,000,000 (or its HKD equivalent) was proposed to be convertible into ordinary shares of the Company at an initial conversion price of HKD1.5 per ordinary share (subject to adjustment).

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the acquisition are higher than 25% but below 100%, the acquisition constitutes a major 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, and is therefore a connected person 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.

On 11 December 2013, Beichen Power Grid and Mr. Li entered into the termination agreement, pursuant to which both parties have unconditionally agreed that the above agreements shall be terminated.

Further details of the aforesaid acquisition and its termination are set out in the announcements of the Company dated 14 November 2012, 5 December 2012, 31 January 2013 and 11 December 2013, respectively.

Transfer of Langcheng

On 30 September 2013, an indirect wholly-owned subsidiary of the Company, Ruifeng Windpower, entered into the agreement with an indirect non-wholly-owned subsidiary of the Company, Hongsong, pursuant to which Ruifeng Windpower conditionally agreed to transfer the entire equity interests in Langcheng to Hongsong at a consideration of RMB130,000,000. Upon completion of the aforesaid transfer, Langcheng will become a wholly-owned subsidiary of Hongsong, and remain an indirect subsidiary of the Company.

As some of the relevant percentage ratios (as defined in the Listing Rules) exceeds 5% but none of them is greater than 25%, the said transfer constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, the aforesaid transfer has not yet completed. Further details of the aforesaid transfer are set out in the announcement of the Company dated 30 September 2013.

Acquisitions and Disposal

Acquisition of interest in Hongsong

On 24 October 2012, the indirectly wholly owned subsidiary of the Company, On Win Corporation Limited ("On Win"), entered into a Capital Increment Agreement with Hongsong and existing shareholders of Hongsong pursuant to which certain terms of the original subscription were amended. Pursuant to the Capital Increment Agreement, On Win has conditionally agreed to subscribe from Hongsong, and Hongsong has conditionally agreed to issue to On Win, the subscription shares comprising 430,000,000 shares in the share capital of Hongsong at RMB1.50 per subscription share. The subscription shares, representing approximately 47.3% of the enlarged share capital of Hongsong, will be paid in cash by On Win at a total consideration of RMB645,000,000 or equivalent in foreign currencies.

Upon completion of the subscription, together with the 27,727,754 shares of Hongsong owned by Chengde Beichen High New Technology Co., Ltd ("Beichen Hightech"). prior to the capital injection, the Company, through its wholly owned subsidiaries, holds 457,727,754 shares in the total issued share capital of Hongsong, which represents approximately 50.3% share capital of Hongsong.

The aforesaid acquisition was approved at the extraordinary general meeting of the Company on 27 November 2012 and was completed on 6 January 2013.

Upon the date of this announcement, RMB129,000,000 and RMB128,437,977 were paid for the paid up capital of Hongsong in January 2013 and December 2013 respectively which was equivalent to a total of approximately 40% of the consideration.

Further details of the aforesaid acquisition are set out in the announcements of the Company dated 21 September 2012, 24 October 2012, 31 October 2012, 12 November 2012, 27 November 2012, 9 January 2013 and 7 January 2014 and the circular of the Company dated 12 November 2012.

Acquisition of interest in Hebei Hongsong Renewable Energy Investment Co., Ltd. ("Hongsong Renewable Energy")

On 15 November 2013, an indirect wholly-owned subsidiary of the Company, Beichen Hightech entered into an acquisition agreement with the vendors, Cheng Jinyuan, Sun Haiquan, Gu Zhanjun, Dai Wei, Liu Lingyu, Zhou Mingsheng, Cao Xuejuan and Li Zhe, pursuant to which the vendors conditionally agreed to dispose of, and Beichen Hightech conditionally agreed to purchase approximately 20.93% equity interest of Hongsong Renewable Energy at a total consideration of RMB107,490,500.

As some of the relevant percentage ratios (as defined in the Listing Rules) exceeds 5% but none of them is greater than 25%, the acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

The above acquisition has been registered with the relevant administration for industry and commerce and new business licence of Hongsong Renewable Energy has been issued on 4 December 2013.

Further to the above acquisition, on 3 December 2013, Beichen Hightech entered into an acquisition agreement with the vendors (namely, Xu Liancun, Yu Haichun, Ma Jianwei and Jin Chao), to purchase in aggregate approximately 17.80% of the equity interests in Hongsong Renewable Energy at the total consideration of RMB91,374,400. In addition, on 11 December 2013, Beichen Hightech further entered into another acquisition agreement with other vendors (namely, Wang Zhicheng, Wang Shulong, Zhu Haitao, Ding Zhiqiang, Liu Lei and Li Peng), to purchase in aggregate approximately 12.25% of the equity interests in Hongsong Renewable Energy at the total consideration of RMB62,879,700.

On 18 March 2014, Beichen Hightech further entered into an acquisition agreement with other vendors (namely Zhang Huiqiang, Jin Yanfei, Zhang Rui and Li Yu), pursuant to which the vendors conditionally agreed to purchase approximately 26.00% of the equity interest of Hongsong Renewable Energy at a total consideration of RMB147,298,000.

Upon completion of the aforesaid acquisitions of approximately 17.80%, 12.25% and 26.00% equity interest of Hongsong Renewable Energy, Beichen Hightech will control approximately 76.98% equity interest in Hongsong Renewable Energy, and hence will control approximately 35.06% shareholdings in Hongsong. In addition to approximately 50.30% shareholdings in Hongsong that the Group currently controls, the aggregate shareholdings in Hongsong will increase to approximately 85.36%.

Since the highest of the applicable percentage ratios (as defined in the Listing Rules) for the acquisition pursuant to the acquisition agreement dated 3 December 2013, and 1 December 2013, and for the acquisition agreement dated 18 March 2014 as aggregated with the previous acquisition(s) exceeds 25% but is less than 100%, the acquisitions constituted a major transaction of the Company pursuant to Chapter 14 of the Listing Rules and is subject to the approval of shareholders of the Company.

Upon the date of this announcement, the aforesaid acquisitions for approximately 17.80%, 12.25% and 26.00% of the equity interest in Hongsong Renewable Energy have not yet completed. Further details of the aforesaid acquisitions are set out in the announcements of the Company dated 15 November 2013, 3 December 2013, 11 December 2013 and 18 March 2014, respectively.

Disposal of Sun Light Planet Limited

On 8 April 2013, the Company (as vendor), Cheerful Heart Holdings Limited ("Cheerful Heart", as purchaser) and Ms. Shu Gaiin (Ms. Zhou Kaiying, as guarantor) entered into a disposal agreement, pursuant to which the Company conditionally agreed to dispose of the entire issued share capital of Sun Light and all the interests in the subsidiaries held by Sun Light for a total consideration of HKD220 million.

Prior to the disposal, the entire issued share capital of Sun Light was pledged to Cheerful Heart to secure the Company's payment obligation under the promissory note with a initial principal amount of HKD330 million issued by the Company to Cheerful Heart on 7 July 2012. The consideration of the Disposal Agreement was satisfied by Cheerful Heart discharging the Company's payment obligation as to an amount equivalent to approximately HKD218 million outstanding under the promissory note and approximately HKD2 million in cash as at the date of completion on 22 May 2013.

As some of the relevant percentage ratios (as defined under the Listing Rules) exceeded 25% but none of them was greater then 75%, the disposal constituted a major transaction of the Company pursuant to Chapter 14 of the Listing Rules and was subject to the approval of shareholders of the Company. The disposal and the transactions contemplated under the disposal agreement were approved at the extraordinary general meeting of the Company held on 22 May 2013 and the completion took place on the same date.

Details of the said disposal are set out in the announcements of the Company dated 8 April 2013, 29 April 2013 and 22 May 2013, respectively, and the circular of the Company dated 6 May 2013.

Apart from the transactions disclosed above and as set out in this announcement, there was no other material acquisition and disposal of subsidiaries and associated companies by the Group from 1 January 2013 to the date of this announcement.

Pledge of Assets

As at 31 December 2013, the Group had pledged leasehold land and buildings with net book values of approximately RMB2,538,000 (2012: approximately RMB7,595,000), trade receivables with a carrying value of approximately RMB9,359,000 (31 December 2012: Nil), and certain property, plant and equipment with a carrying value of approximately RMB747,758,000 (2012: Nil) as security for the borrowings obtained by the Group (2012: RMB58,700,000).

As at 31 December 2013 and 31 December 2012, the entire issued share capital of Power Full Group Holdings Limited ("Power Full"), were pledged for borrowings obtained by the Group. As at 31 December 2013, the entire issued share capital of Fortune View Alliance Limited ("Fortune View Alliance"), On Win and Conway Holdings Limited ("Conway") were pledged to secure the borrowings.

Contingent Liabilities

As at 31 December 2013 and as at 31 December 2012, the Group had no material contingent liabilities.

Employees

As at 31 December 2013, the Group had approximately 600 full-time employees (2012: approximately 800 employees) in Hong Kong and the PRC in respect of the Group's continuing operations. For the year ended 31 December 2013, the relevant staff costs (including Directors' remuneration) were approximately RMB48,977,000 (2012: approximately RMB35,834,000). The Group's remuneration and bonus packages were given based on performance of 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 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 Code

The Board considered that the Company had fully complied throughout the year ended 31 December 2013 with the applicable code provisions in the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. The Company had made specific enquiries with all the Directors and all the Directors confirmed that they had complied with the practice as contained in the Model Code and the aforesaid code of conduct adopted by the Company for the year ended 31 December 2013.

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

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, 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 2013 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 for the purpose of determining shareholders who are entitled to attend the 2013 Annual General Meeting of the Company to be held on 14 May 2014 (Wednesday) from 13 May 2014 (Tuesday) to 14 May 2014 (Wednesday) (both dates inclusive), when no transfer of shares will be registered. The Board has resolved not to recommend payment of final dividends for the year ended 31 December 2013.

In order to be eligible to attend and vote at the 2013 Annual General Meeting of the Company to be held on 14 May 2014 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration, not later than 4:30 p.m. on 12 May 2014 (Monday).

SCOPE OF WORK OF AUDITORS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("HLB"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2013. 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 2013, no options have been granted under the share option scheme operated by the Company, and no options under the scheme were outstanding during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2013, 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

Conversion of convertible bonds

In February and March 2014, conversion rights attached to the convertible bonds in an aggregate amount of HKD12,500,000 were exercised resulting in an issue of total 6,780,000 ordinary shares of the Company. The outstanding principal amount of the convertible bonds was HKD17,500,000 as at the date of announcement. Further details of the convertible bonds are also set out in the paragraph headed "Issuance of Convertible bonds" above.

Proposed acquisition of further 26.00% equity interest of Hongsong Renewable Energy

On 18 March 2014, Beichen Hightech entered into an acquisition agreement with Zhang Huiqiang, Jin Yanfei, Zhang Rui and Li Yu (as vendors), pursuant to which the vendors conditionally agreed to dispose of, and Beichen Hightech conditionally agreed to purchase an aggregate of approximately 26.00% equity interest of Hongsong Renewable Energy at a total consideration of RMB147,298,000. As the highest of the applicable percentage ratios (as defined in the Listing Rules) for the acquisition of approximately 26.00% equity interests in Hongsong Renewable Energy, when aggregated with the acquisition of approximately 20.93% equity interests in Hongsong Renewable Energy pursuant to the acquisition agreement dated 15 November 2013, and the acquisition of an aggregate of 30.05% equity interests in Hongsong Renewable Energy pursuant to the acquisition agreements dated 3 December 2013 and 11 December 2013, exceeds 25% but is less than 100% as calculated in accordance with Rule 14.07 of the Listing Rules, such acquisition constitutes a major transaction for the Company and is subject to, amongst others, reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Further details of the acquisitions are also set out in the paragraph headed "Acquisition of interest in Hongsong Renewable Energy" above.

Please also refer to the announcement of the Company dated 18 March 2014.

Change of stock short name

The Company's English stock short name for trading in the shares of the Company on the Stock Exchange was changed from "CHINA RUIFENG" to "RUIFENG RENEW", and the Chinese stock short name from "中國瑞風" to "瑞風新能源" with effect from 19 March 2014. The stock code of the Company remains as "00527".

Details of the change of stock short name are set out in the announcement of the Company dated 12 March 2014.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited will change its address to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, while all its telephone and facsimile numbers remain unchanged.

PUBLICATION OF 2013 ANNUAL REPORT

The 2013 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 Renewable Energy Holdings Limited
Li Baosheng
Chairman

Hong Kong, 31 March 2014

As at the date of this announcement, the executive Directors are Mr. Li Baosheng, Mr. Zhang Zhixiang and Mr. Ning Zhongzhi; and the independent non-executive Directors are Ms. Wong Wai Ling, Mr. Qu Weidong and Ms. Hu Xiaolin.