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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 2014

GROUP FINANCIAL HIGHLIGHTS

— The Group's (loss)/profit for the year from continuing operations amounted to approximately RMB(88,749,000) (2013: approximately RMB24,815,000).

— The Group's profit for the year from discontinued operation was nil (2013: approximately RMB12,769,000).

— The Group's turnover for continuing operations dropped by approximately 12% to approximately RMB530,959,000 (2013: approximately RMB603,341,000).

— The Group's gross profit for continuing operations increased to approximately RMB150,797,000 (2013: approximately RMB143,102,000).

— The Group's (loss)/profit attributable to equity shareholders amounted to approximately RMB(150,827,000) (2013: approximately RMB23,502,000).

The unfavorable financial results for the year ended 31 December 2014 was mainly due to the poor operating performance of power grid construction business.

— Consolidated net assets value of the Group decreased considerably to approximately RMB640,381,000 (2013: approximately RMB888,566,000).

— Total equity attributable to equity shareholders of the Company as at 31 December 2014 was approximately RMB393,095,000 (2013: approximately RMB383,050,000).

— Basic and diluted (loss)/earnings per share from continuing operations was approximately RMB(0.139) (2013: approximately RMB0.011) and that from discontinued operation was nil (2013: approximately RMB0.013).

— The Board does not recommend a final dividend for the year ended 31 December 2014.

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 2014 together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Continuing operations			
Turnover	4	**530,959**	603,341
Cost of sales		**(380,162)**	(460,239)
Gross profit		**150,797**	143,102
Other revenue and net income	6	**28,426**	113,329
Distribution costs		**(1,938)**	(4,761)
Administrative expenses		**(106,787)**	(55,431)
Other operating expenses		**(787)**	(28,662)
Profit from operations		**69,711**	167,577
Finance costs	7(i)(a)	**(137,761)**	(142,601)
Share of profits less losses of an associate		**(81)**	—
(Loss)/Profit before taxation	7	**(68,131)**	24,976
Income tax	8	**(20,618)**	(161)
(Loss)/Profit for the year from continuing operations		**(88,749)**	24,815
Discontinued operation			
Profit for the year from discontinued operation	11	**—**	12,769
(Loss)/Profit for the year		**(88,749)**	37,584
Attributable to:			
Equity shareholders of the Company		**(150,827)**	23,502
Non-controlling interests		**62,078**	14,082
(Loss)/Profit for the year		**(88,749)**	37,584
(Loss)/Earnings per share attributable to the owners of the Company during the year			
Basic and diluted	10		
— Continuing operations (RMB)		**(0.139)**	0.011
— Discontinued operation (RMB)		**—**	0.013
		(0.139)	0.024

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
(Loss)/Profit for the year	**(88,749)**	37,584
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	**(142)**	(426)
Other comprehensive income for the year (net of tax)	**(142)**	(426)
Total comprehensive income for the year	**(88,891)**	37,158
Total comprehensive income attributable to:		
Equity shareholders of the Company	**(150,969)**	23,076
Non-controlling interests	**62,078**	14,082
Total comprehensive income for the year	**(88,891)**	37,158

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**2,224,346**	2,345,202
Lease prepayments		**14,029**	14,477
Interest in an associate		—	11,435
Available-for-sale investments		**6,229**	—
Deferred tax assets		—	1,935
		2,244,604	2,373,049
Current assets			
Inventories	*12*	—	1,089
Trade and other receivables	*13*	**461,639**	614,541
Lease prepayments		**447**	446
Pledged bank deposits		**8,919**	701
Tax recoverable		**7,356**	9,540
Cash and cash equivalents		**175,599**	135,015
		653,960	761,332
Current liabilities			
Trade and other payables	*14*	**173,599**	456,840
Derivative financial instruments		—	4,948
Borrowings		**461,496**	287,695
Current taxation		**6,885**	6,096
		641,980	755,579
Net current assets		**11,980**	5,753
Total assets less current liabilities		**2,256,584**	2,378,802
Non-current liabilities			
Other payables	*14*	**114,908**	20,552
Borrowings		**1,455,722**	1,420,497
Deferred tax liabilities		**45,573**	49,187
		1,616,203	1,490,236
Net assets		**640,381**	888,566
Capital and reserves			
Share capital		**11,180**	9,476
Reserves		**381,915**	373,574
Total equity attributable to equity shareholders of the Company		**393,095**	383,050
Non-controlling interests		**247,286**	505,516
Total equity		**640,381**	888,566

Notes

1. GENERAL INFORMATION

China Ruifeng Renewable Energy Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 June 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 June 2006.

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2014 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") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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 consolidated financial statements for the year ended 31 December 2014 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 values:

— 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 the following amendments to HKFRSs and a new Interpretation that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Group does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on these financial statements.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

4. TURNOVER

The principal activities of the Group are wind power generation, power grid constructions and consultations, processing of wind turbine blades, design, development, manufacturing and sales of diodes. The Group discontinued the design, development, manufacturing and sales of diodes business upon disposal of Sun Light Planet Limited ("Sun Light"), its subsidiaries and its associated company in May 2013, which are further disclosed in note 11.

Turnover represents the sales value of electricity generated from the wind farms supplied to power grid company (net of value added tax), revenue from construction contracts and consultations, 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:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Sales of electricity	**403,227**	272,640
Revenue from construction contracts and consultations	**125,698**	326,310
Processing income	**2,034**	4,391
	530,959	603,341
Discontinued operation		
Sales of goods	**—**	131,904
	530,959	735,245

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 interest in an associate. Segment liabilities include provision for trade and other payables and income tax payable 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 an associate, 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 2014 and 2013 is set out below.

For the year ended 31 December 2014

	Continuing operations					**Discontinued operation**	
	Wind farm operation *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	**403,227**	**125,698**	**2,034**	**—**	**530,959**	**—**	**530,959**
Reportable segment profit/(loss)	**113,200**	**(131,059)**	**(1,559)**	**2,033**	**(17,385)**	**—**	**(17,385)**
Central administrative costs	**—**	**—**	**—**	**(16,680)**	**(16,680)**	**—**	**(16,680)**
Finance costs	**—**	**—**	**—**	**(34,066)**	**(34,066)**	**—**	**(34,066)**
Loss before taxation							**(68,131)**
Income tax							**(20,618)**
Loss for the year							**(88,749)**

For the year ended 31 December 2013

	Continuing operations					Discontinued operation	
	Wind farm operation *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

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

For the year ended 31 December 2014

	Continuing operations					Discontinued operation	
	Wind farm operation *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	**(159,312)**	**(4,910)**	**(843)**	**(353)**	**(165,418)**	**—**	**(165,418)**
Impairment loss on trade and other receivables	**—**	**(47,665)**	**—**	**—**	**(47,665)**	**—**	**(47,665)**
Interest income	**1,585**	**47**	**2**	**11**	**1,645**	**—**	**1,645**
Share of profits less losses of an associate	**—**	**—**	**—**	**(81)**	**(81)**	**—**	**(81)**
Reportable segment assets	**2,547,886**	**324,603**	**6,203**	**19,872**	**2,898,564**	**—**	**2,898,564**
Additions to non-current segment assets during the year	**41,116**	**2,781**	**—**	**418**	**44,315**	**—**	**44,315**
Reportable segment liabilities	**(1,452,483)**	**(322,630)**	**(6,242)**	**(476,828)**	**(2,258,183)**	**—**	**(2,258,183)**

For the year ended 31 December 2013

	Continuing operations					Discontinued operation	
	Wind farm operation *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)
Impairment loss on trade and other receivables	—	(7,628)	—	—	(7,628)	(3,505)	(11,133)
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
Additions 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)

(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 a major customer

For the year ended 31 December 2014, there was no single customer in the construction contracts segment contributing over 10% of the total revenue of the Group.

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

For the year ended 31 December 2014, revenue of approximately RMB403,227,000 (2013: approximately RMB272,640,000) was made to a single customer attributable to the wind farm operation segment comprising approximately 76% (2013: approximately 37%) of the total revenue of the Group.

6. OTHER REVENUE AND NET INCOME

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Interest income on financial assets not at fair value through profit or loss	**1,645**	564
Government subsidy income related to value added tax refund	**18,656**	1,693
Dividend income from available-for-sale investments	**—**	5,916
Compensation income on prepayment on acquisition of land use rights	**2,120**	3,799
Fair value gain/(loss) on derivative financial instruments	**2,955**	(827)
Rental income from operating leases related to		
— plant and machinery	**222**	20,314
— buildings	**2,694**	—
Gain on a bargain purchase	**—**	82,805
Others	**134**	(935)
	28,426	113,329
Discontinued operation		
Interest income on financial assets not at fair value through profit or loss	**—**	407
Sales of scrap	**—**	978
Rental income from operating leases related to plant and machinery	**—**	14
Others	**—**	35
	—	1,434
	28,426	114,763

7. (LOSS)/PROFIT BEFORE TAXATION

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

	2014	2013
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on bank and other loans wholly repayable within five years	**84,634**	76,252
Interest on bank loans not wholly repayable within five years	**49,684**	44,331
Interest expenses on bonds	**489**	—
Interest expenses on convertible bonds	**2,949**	11,701
Finance charges on obligations under finance leases	**5**	—
Interest expenses on convertible note	**—**	5,353
Interest expenses on promissory note	**—**	4,964
Interest expenses on financial liabilities not at fair value through profit or loss	**137,761**	142,601
(b) Staff costs (including Directors' remuneration)#:		
Contributions to defined contribution retirement plans	**4,046**	3,228
Salaries, wages and other benefits	**50,145**	45,749
	54,191	48,977
(c) Other items:		
Amortisation of lease prepayments	**447**	446
Impairment losses:		
— trade and other receivables (included in administrative expenses)	**47,665**	7,628
— inventories (included in cost of inventories)#	**333**	—
— goodwill△	**—**	4,060
Loss on redemption of convertible bonds△	**787**	12,418
Loss on deemed disposal of available-for-sale investments△	**—**	12,184
Depreciation for property, plant and equipment#:		
— owned assets	**164,909**	143,473
— assets held for own use under finance lease	**62**	—
Net foreign exchange loss/(gain)	**5,707**	(9,643)
Auditors' remuneration		
— audit services	**879**	1,013
Operating lease charges		
— minimum lease payments in respect of property rentals#	**1,513**	7,696
Cost of inventories#	**1,790**	2,985
(Gain)/Loss on disposal of property, plant and equipment	**(67)**	157

Cost of inventories includes approximately RMB738,000 (2013: approximately RMB2,163,000) relating to staff costs, depreciation, impairment of inventories 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.

△ Included in other operating expenses.

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

		2014	2013
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank and other loans wholly repayable within five years	—	109
	Interest expenses on financial liabilities not at fair value through profit or loss	—	109
(b)	**Staff costs (including Directors' remuneration)#:**		
	Contributions to defined contribution retirement plans	—	1,668
	Salaries, wages and other benefits	—	24,642
		—	26,310
(c)	**Other items:**		
	Amortisation of lease prepayments	—	57
	Impairment losses:		
	— trade and other receivables (included in administrative expenses)	—	3,505
	Depreciation for property, plant and equipment#	—	2,405
	Net foreign exchange loss	—	431
	Operating lease charges		
	— minimum lease payments in respect of property rentals#	—	53
	Cost of inventories#	—	111,402
	Gain on disposal of property, plant and equipment	—	(6)

Cost of inventories includes nil (2013: approximately RMB20,339,000) 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 STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**18,480**	6,155
Under-provision in respect of prior years	**2,126**	226
Withholding tax	**1,691**	—
Deferred tax		
Origination and reversal of temporary differences	**(1,679)**	(6,220)
	20,618	161
Discontinued operation		
Current tax — PRC Enterprise Income Tax		
Provision for the year	—	243
Over-provision in respect of prior years	—	(412)
	—	(169)
	—	(8)

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 (2013: 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").

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

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries from continuing operations is 25% in 2014 and 2013.

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 2014 (2013: Nil).

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company from continuing operations of approximately RMB(150,827,000) (2013: approximately RMB10,733,000).

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company from discontinued operation of nil (2013: approximately RMB12,769,000).

The weighted average of approximately 1,088,996,000 ordinary shares (2013: approximately 1,003,123,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2014	2013
	'000	*'000*
Issued ordinary shares at 1 January	**1,033,772**	974,300
Effect of conversion of convertible note	**—**	28,804
Effect of conversion of convertible bonds	**6,216**	—
Effect of issue of shares upon placing	**49,008**	—
Effect of issue of commission shares	**—**	19
Weighted average number of ordinary shares at 31 December	**1,088,996**	1,003,123

(b) Diluted (loss)/earnings per share

For the year ended 31 December 2014, the diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares in issue during the year ended 31 December 2014.

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.

11. DISCONTINUED OPERATION

On 22 May 2013, the Group disposed its entire equity interest in 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.

	Note	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*4*	—	131,904
Cost of sales		—	(111,401)
Gross profit		—	20,503
Other revenue and net income	*6*	—	1,434
Distribution costs		—	(2,649)
Administrative expenses		—	(15,663)
Profit from operations		—	3,625
Finance costs	*7(ii)(a)*	—	(109)
Profit before taxation	*7*	—	3,516
Income tax	*8*	—	169
		—	3,685
Gain on disposal of subsidiaries		—	9,084
Profit for the year from discontinued operation		—	12,769

12. INVENTORIES

	2014 *RMB'000*	2013 *RMB'000*
Finished goods	**333**	1,089
Less: provision for impairment	**(333)**	—
	—	1,089

13. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**164,213**	161,635
Less: allowance for doubtful debts	**(16,762)**	(7,739)
	147,451	153,896
Other receivables	**64,992**	74,579
Less: allowance for doubtful debts	**(15,637)**	—
	49,355	74,579
Loan receivables	**8,000**	47,720
Note receivables	**—**	14,750
Loans and receivables	**204,806**	290,945
Prepayments and deposits	**159,552**	208,667
Less: allowance for doubtful debts	**(23,005)**	—
	136,547	208,667
Gross amount due from customers for contract work	**120,286**	114,929
	461,639	614,541

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

As at 31 December 2014, the loan receivables from independent third parties of RMB8 million were unsecured, bore interest at rates ranging from 5% to 10% per annum and repayable within 2015.

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.

As at 31 December 2014, the Group has pledged its certain trade receivables with carrying values of approximately RMB91,708,000 (2013: approximately RMB9,359,000) to secure its bank loans.

As at 31 December 2014, the Group has pledged its deposit with carrying value of RMB1,000,000 (2013: nil) to secure a guarantee provided by an independent third party, namely 河北融投擔保集團有限公司.

(a) Ageing analysis

Trade receivables are net of allowance for doubtful debts of approximately RMB16,762,000 (2013: approximately RMB7,739,000) with the following ageing analysis as of the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Within three months	**101,549**	34,813
More than three months but within one year	**18,796**	57,986
More than one year	**27,106**	61,097
At 31 December	**147,451**	153,896

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

14. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**67,892**	268,945
Bills payable	**23,000**	—
Other payables *(note i)*	**150,379**	112,273
Amounts due to Directors *(note ii)*	**18,326**	12,231
Amounts due to non-controlling interests *(note ii)*	**10,121**	13,570
Amount due to an associate *(note ii)*	**—**	34,921
Financial liabilities measured at amortised cost	**269,718**	441,940
Gross amount due to customers for contract work	**12,641**	20,440
Advance from customers	**6,148**	15,012
	288,507	477,392
Less: non-current portion of other payables *(note i)*	**(114,908)**	(20,552)
	173,599	456,840

Notes:

(i) As 31 December 2014, the balance included in the other payables amounting of approximately RMB114,908,000 represented the outstanding payable to the vendors for the acquisitions of equity interests in Hebei Hongsong Renewable Energy Investment Co., Ltd. ("Hongsong Renewable Energy") to, in aggregate, approximately 76.98% by the Group during the year ended 31 December 2014.

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 Hongsong Renewable Energy by the Group during the year ended 31 December 2013.

(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:

	2014	2013
	RMB'000	*RMB'000*
Within three months	**14,893**	175,880
More than three months but within one year	**13,491**	72,189
More than one year	**39,508**	20,876
At 31 December	**67,892**	268,945

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.

The bills payable are secured by the Group's pledged bank deposits.

15. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2014 not provided for in the financial statements were as follows:

The Group

	2014	2013
	RMB'000	*RMB'000*
Capital injection		
— Contracted for	**387,562**	387,562
Acquisition of a subsidiary		
— Contracted for	**—**	154,254
Acquisition of property, plant and equipment		
— Contracted for	**6,039**	163,309
	393,601	705,125

(b) At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**624**	684
After 1 year but within 5 years	**312**	196
	936	880

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 Overview

Results of the Group for the year ended 31 December 2014

For the year ended 31 December 2014, the Group's turnover from the continuing operations amounted to approximately RMB530,959,000 (2013: approximately RMB603,341,000), representing a drop of approximately 12% below that of 2013. Gross profit from continuing operations increased by approximately 5% to approximately RMB150,797,000 for the year ended 31 December 2014 (2013: approximately RMB143,102,000). The (loss)/profit attributable to equity shareholders of the Company for the year ended 31 December 2014 was approximately RMB(150,827,000) (2013: approximately RMB23,502,000).

The financial results for the year ended 31 December 2014 recorded a loss, which was mainly attributable to the poor performance within the power grid construction business.

On 4 June 2014, the Group completed the acquisition of additional equity interests in Hongsong Renewable Energy (the second largest shareholder of Hongsong resulting in a total shareholding of 76.98% through its indirect wholly-owned subsidiary, Chengde Beichen High New Technology Co., Ltd. ("Beichen Hightech"), increasing the Group's control in Hongsong to 85.36%. The significant increase in the profit attributable to the shareholders is due to the increase in investment in Hongsong.

Leveraging on the wind farms resources, the Group aspires to be an efficient and integrated wind power operator, focuses on developing and operating wind farms, provides maintenance service to wind farms and explore clean energy, power saving and environmental protection related businesses.

(1) Wind farm operation

For the year ended 31 December 2014, the turnover from the wind farm operation amounted to approximately RMB403,227,000 (2013: approximately RMB272,640,000), representing an increase of approximately 48% above that of 2013. The segment profit from the wind farm operation was approximately RMB113,200,000 (2013: approximately RMB19,156,000, excluding one-off gain on a bargain purchase and loss on deemed disposal of available-for-sale investments), representing an increase of approximately 5 times above that of 2013.

On the other hand, the turnover from the construction operation amounted to approximately RMB125,698,000 (2013: approximately RMB326,310,000), representing a decrease of approximately 61% below that of 2013. The segment loss from the construction operation was approximately RMB131,059,000 (2013: approximately RMB4,130,000), representing an increase of approximately 30 times above that of 2013.

Commencement of the operation of the Hongsong's wind farm projects

At the end of December 2013, Hongsong has completed the construction of Phase 9 project – Yuanhui Project, and it successfully went on grid and commenced full commercial operation in 2014. It is expected to have a positive impact on the Group's performance. Besides, Phase 10 Jifeng Wind Power Project of Hongsong has already obtained the project approval letters from the relevant government departments, and other documents such as feasibility study report and environmental protection assessment report are being submitted, striving to commence power generation as soon as possible. It is expected that the Hongsong Phase 10 Project will have a designated installable capacity of 49.5MW, and is expected to bring to the Group an additional electricity output of approximately 100,000,000 Kilowatt per hour per annum. With the total installable capacity of Hongsong reaching 447.9MW by that time, it is anticipated that the Group's revenues from the operation of wind farms will record a significant increase. Apart from the sale of electricity, Hongsong has also commenced the Gold Standard Clean Development Mechanism ("CDM") Project that qualifies for providing carbon credits, thereby expanding the income source of Hongsong.

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

Langcheng, an indirect wholly-owned subsidiary of the Company possessing a wind farm in Shangtoudi of Hexigten Qi with an installable capacity of 596.4MW. Langcheng Phase I project has obtained the approval on the construction of connection system from State Grid Corporation of China, Langcheng's wind farm is expected to commence grid-connected power generation in the near future to bring revenues and earnings to the Group. Due to the close proximity between the two wind farms of Hongsong and Langcheng and their similarity of mode of operation, the strength of the wind power business segment of the Group becomes more prominent and enjoys complementary advantages. There is a potential opportunity to combine the two wind farms into a large-scale wind farm with a total capacity over 1,000MW.

(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 2014, the construction contracts business operated by Beichen Power Grid recorded a loss of approximately RMB131,059,000 (2013: approximately RMB4,130,000). The loss was mainly attributable to the transient periodic market fluctuations within the power grid construction industry, more intense market competition, lowered bidding price and the setback in the income from the newly signed construction contracts. It was further dragged down by a significant increase in the costs arising from delays in the construction process under the existing contracts.

The continuing development and operation of the renewable energy business represent the Group's principal business direction currently and in the future. The construction contracts business is expected to gradually lose its importance without turnaround in the short term.

(3) Production of wind turbine blades

Chengde Ruifeng Renewable Energy Windpower Equipment Co., Ltd. ("Ruifeng Windpower") focuses on the manufacturing and processing of wind turbine blades and parts, and its products include 750 kilowatt and 1.5MW wind turbine blades. Ruifeng Windpower has obtained the ISO9001 quality system certification in 2006.

In addition, the Group has further improved its financial structure. In 2014, the Group has issued bonds and completed the placing of new shares in October, and the working capital has been greatly increased. The Group has redeemed or converted all outstanding convertible bonds into ordinary shares of the Company as at the date of this announcement.

Prospects

The year of 2015 will be a distinctive year. In the annual energy reports of 2013 and 2014, the National Energy Administration ("NEA") stated several main aspects to be focused in those years, which included the elasticity of energy consumption, amount of energy consumption, amount of coal production and consumption, amount of oil and gas production and consumption, non-fossil energy generating capacity etc. The specific development targets of these aspects were not repeated in 2015 annual energy report. Instead, the NEA has set a number of new aspects to be vigorously promoted in 2015. These aspects include the promotion for energy consumption revolution, energy supply revolution, energy technology revolution, energy system revolution as well as grasping the opportunities for international cooperation. These changes indicate that the PRC Government will soon reduce the degree of intervention in the energy market and no longer restrict the development of the industry, which possibly lead to the allocation of resources based on the market share of the companies in the industry.

Due to the air pollution caused by the traditional coal-fired power stations, global warming and other impacts on the environment, it is expected that the development of renewable energy will receive a high level of public support and attention. Being the type of renewable energy with the highest level of commercial potential, wind power industry is likely to be further developed.

The PRC Government has provided supports in the development of wind power industry from many aspects, and with initial success. Also, the share of wind power in the total traditional energy consumption is gradually arising, and the development of wind power has great significance for adjusting the country's energy structure. Given the serious problem of hazy weather in the PRC, the development of clean energy has become an inevitable trend, in which wind power will serve as one of the most critical sectors in the development of clean energy.

In January 2015, the NEA officially enacted the second batch of "Notice for the Fifth Batch of Wind Farm Project Approvals under the 12th Five-Year Plan" (《「十二五」第五批風電項目核准計劃的通知》). The notice classified Hebei Province as a key region of wind power development and construction in 2015. In addition, the notice provided that the development of Phase 2 of Chengde wind power base needed to be accelerated. These measures will provide the support for sustainable development of the Group's wind business.

Meanwhile, to foster the widespread development of clean energy and strengthen its consumption interregionally and interprovincially, the PRC Government will accelerate to promote the of ultra-high voltage projects. The PRC Government has completed the construction of "two alternating current circuits and four direct current circuits" ultra-high voltage circuits, while over 15,000km length of ultra-high voltage circuits are under construction. In the meantime, in response to the power transmission corridors of the PRC's "One Belt and One Road Strategy" and to achieve the interconnection of the grid between five Central Asian countries, State Grid Corporation of China has planned to start preliminary works for the four international interconnection of ultra-high voltage projects. This will fully enhance the ability of the PRC in the construction field of ultra-high voltage circuits, and create an innovation era of ultra-high voltage technology.

Looking ahead, the Group will experience rapid development in the wind farm operation business. The society is expected to pay more attention to the wind power energy. Combined with the support to developing environment, the current situation will be improved substantially. It can be predicted that the Company will have a broad development prospect. In respect of the business development in 2015, the Group has adopted the following development strategies:

The Group will continue to focus on its resources on the development of wind farm operation and endeavor to become one of the pillars in the renewable energy industry in the northern region of the PRC. The Group will speed up the development of renewable energy business by way of cooperative development and acquisitions. In terms of the operation and maintenance of the wind farms, the Group will continue to seek and acquire mature power plants with promising development prospects, to gradually enhance its existing operation and maintenance business in Hebei area and to extend to the surrounding areas. On the other hand, the Company has increased its investment in Hongsong from 2013, leading to a significant increase in the weighting of wind power business. The aggregate shareholdings in Hongsong currently remains in 85.36%. In the future, the Group will continue to fortify the integration of Hongsong and enhance its interaction with other businesses. 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.

Meanwhile, the Group intends to develop small-scale solar photovoltaics ("PV") generation plant business. Hongsong, China Suntien Green Energy Co., Ltd., and Jinglong Industrial Group Co., Ltd. formed a company, namely Suntien Hebei Solar Energy Development Co., Ltd. (新天河北太陽能開發有限公司), with an aim to leverage on the advantages of the said shareholder companies and speed up the development of Hebei solar PV power generation plant, targeting on the national market.

Looking ahead, the Group will focus its efforts on the development and enhancement of existing renewable energy resources. Paralleled to the large scale of expansion and efficient enhancement of its wind farm operation, the Group will integrate the advantages of all aspects with its own to further consolidate its position in the renewable energy industry. The Group will also aggressively identify possible synergistic opportunities between different business segments to boost and strengthen the revenue and profitability of different business segments during the course of business and resource reorganization, with the objectives of establishing the Group as a renewable energy supplier and overall operation service provider with enhanced competitiveness. The Group will continue 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, the Group's turnover was wholly derived from the power-related business. The power-related business recorded a turnover of approximately RMB530,959,000, representing a drop by approximately 12%. Despite the full-year commencement of operation of Hongsong Phase 9 Project-Yuanhui, the drop in the turnover was due to the business of power grid construction suffering from the transient periodic market fluctuations within the power grid construction industry, more intense market competition, lowered bidding price and the setback in the income from the newly signed construction contracts. 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 its continuing operations for the year ended 31 December 2014 is set out below:

Turnover by business

	Year ended 31 December		Increase/	Approximate change in
	2014	2013	**(decrease)**	**percentage**
	RMB million	*RMB million*	*RMB million*	(%)
Power-related business				
Wind power generation	**403.23**	272.64	130.59	48
Power grid constructions and consultations	**125.70**	326.31	(200.61)	(61)
Processing of wind turbine blades	**2.03**	4.39	(2.36)	(54)
Total	**530.96**	603.34	(72.38)	(12)

Cost of Sales

Cost of sales from the 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 2014 accounted for approximately RMB380,162,000, which represented approximately 72% of the Group's turnover, showing a drop from that of approximately 76% for the year ended 31 December 2013.

Gross Profit

Gross profit from the continuing operations increased by approximately 5% to approximately RMB150,797,000 (2013: approximately RMB143,102,000) which was primarily derived from the operating result of the Group's power-related business. The gross profit margin has also increased from approximately 24% to approximately 28% for the year ended 31 December 2014 because the operating performance of the business of windfarm operation has improved significantly.

Other Revenue and Net Income

Other revenue and net income from the continuing operations mainly comprised of tax refund from government (2014: approximately RMB18,656,000; 2013: approximately RMB1,693,000), dividend income from available-for-sale investments (2014: nil; 2013: approximately RMB5,916,000), gain from a bargain purchase arising from acquisition of Hongsong (2014: nil; 2013: approximately RMB82,805,000), rental income from operating leases (2014: approximately RMB2,916,000; 2013: approximately RMB20,314,000). The significant drop in other revenue and net income by approximately RMB84,903,000 was mainly because of the one-off gain on a bargain purchase from the acquisition of Hongsong recognized in 2013 which did not recur in 2014.

Distribution Costs

Distribution costs from the continuing operations mainly include transportation costs, depreciation expenses, staff costs and entertainment expenses. Distribution costs for the year ended 31 December 2014 represented approximately 0.4% of the Group's total turnover, which is similar to that of approximately 0.8% for the corresponding year in 2013.

Administrative Expenses

Administrative expenses from the continuing operations mainly include wages, salaries and welfare expenses, professional fees, rental expenses, entertainment expenses, travelling expenses, office expenses, other taxation expenses, exchange loss and allowance of doubtful debts for trade and other receivables. It increased by approximately 93% to approximately RMB106,787,000 for the year ended 31 December 2014 when compared with that of approximately RMB55,431,000 for the year ended 31 December 2013 mainly because of increase in exchange loss and allowance of doubtful debts for trade and other receivables.

Other Operating Expenses

Other operating expenses from the continuing operations for the year ended 31 December 2014 amounted to approximately RMB787,000 (2013: approximately RMB28,662,000) mainly comprising of the loss on redemption of convertible bonds. The reduction in the other operating expenses was because the loss on redemption of convertible bonds dropped significantly. In addition, impairment of goodwill and loss on deemed disposal of the investment recorded in 2013 no longer recurred in 2014.

Finance Costs

Finance costs from the continuing operations mainly refer to the interest expenses and the bank charges on bank loans, promissory notes and convertible bonds/notes issued by the Group. It amounted to approximately RMB137,761,000 for the year ended 31 December 2014 while it amounted to approximately RMB142,601,000 in the corresponding period of 2013.

Taxation

Taxation expenses from the continuing operations increased to approximately RMB20,618,000 for the year ended 31 December 2014 (2013: approximately RMB161,000). Such a significant increase was mainly derived from the significant increase in taxable income of Hongsong.

(Loss)/profit for the Year

(Loss)/profit for the year ended 31 December 2014 from the continuing operations was approximately RMB(88,749,000) (2013: approximately RMB24,815,000). The significant drop mainly arose from the poor operating performance of the business of power grid construction.

(Loss)/profit attributable to equity shareholders was approximately RMB(150,827,000) (2013 profit: approximately RMB23,502,000).

Profit for the year from the discontinued operation was nil (2013: approximately RMB12,769,000).

Net Current Assets

Net current assets of the Group as at 31 December 2014 increased to approximately RMB11,980,000 when compared with that of approximately RMB5,753,000 as at 31 December 2013.

Liquidity and Financing

The cash and bank balances (including the pledged bank deposits) as at 31 December 2014 and 31 December 2013 amounted to approximately RMB184,518,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which comprised approximately RMB179,380,000, USD8,000 and HKD6,356,000), and approximately RMB135,716,000, respectively.

Total borrowings of the Group as at 31 December 2014 amounted to approximately RMB1,917,218,000, representing an increase of approximately RMB209,026,000 when compared with approximately RMB1,708,192,000 as at 31 December 2013. The increase in the total borrowings is mainly because additional borrowing was obtained by Hongsong for financing the Phase 9 project — Yuanhui Project.

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 78% as at 31 December 2014 from approximately 72% as at 31 December 2013. That ratio was calculated by dividing the Group's total liabilities by its total assets. During 2013, all of the Group's borrowings were settled in RMB, USD and HKD. Approximately 100% of the Group's income was denominated in RMB. Interest free borrowings and interest bearing borrowings were approximately RMB5,000,000 and approximately RMB1,912,218,000 respectively as at 31 December 2014. Among the interest bearing borrowings of the Group, approximately RMB82,340,000 were fixed rate loans, while RMB1,829,878,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2014 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

Subscription of convertible bonds by Investec Bank Limited ("Investec")

On 12 December 2013 (after trading hours), the Company entered into the subscription agreement with Investec, pursuant to which the Company agreed to issue and Investec 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 ordinary shares of the Company (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 Shares (with an aggregate nominal value of HKD162,160 and market value of HKD31,459,040, based on the closing price of the Shares as quoted on the Stock Exchange on 19 December 2013 (being the date of issue of the convertible bonds)) may be allotted and issued upon the 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 (with an aggregate nominal value of HKD188,640 and market value of HKD36,596,160, based on the closing price of the Shares as quoted on the Stock Exchange on 19 December 2013 (being the date of issue of the convertible bonds)) 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 to the Investec 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 2014, the conversion rights attached to the convertible bonds in an aggregate amount of HKD14,000,000 were exercised at an average conversion price of approximately HKD1.83 per share, resulting in an issue of a total of 7,632,000 ordinary Shares of the Company. The outstanding principal amount of the convertible bonds was HKD16,000,000 and was fully settled as at 31 December 2014.

The gross proceeds from the issue of the convertible bonds was approximately HKD30,000,000, and the net proceeds is approximately HKD29,000,000, representing approximately HKD1.79 per conversion share based on the maximum number of conversion shares that can be issued and allotted pursuant to the conversion price as at 19 December 2013 (being the date of issue of such convertible bonds) of HKD1.85. The closing price for each Share as quoted on the Stock Exchange on 12 December 2013 (being the date of the subscription agreement), was HKD1.96.

The proceeds were applied as general working capital of the Group. Details of the usage of proceeds are set out in the announcement of the Company dated 23 July 2014.

The Directors consider that the issue of the convertible bonds represents an opportunity to raise capital for the Company while broadening its shareholder and capital base.

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

Termination of placing of non-listed warrants

On 12 May 2014, the Company entered into a placing agreement with Cinda International Securities Limited ("Cinda") pursuant to which the Cinda conditionally agreed, on a best effort basis, to procure not less than six (6) placees to subscribe for a total of up to 115,000,000 warrants at a price of HKD0.03 per warrant, each with right to subscribe for the Share at a subscription price of HKD1.3 per Share. As certain conditions of the placing agreement had not been fulfilled, the placing agreement was terminated on 30 June 2014. Please refer to the announcements of the Company dated 12 May 2014 and 30 June 2014 for further details.

Placing of Bonds

On 10 July 2014 (after trading hours), the Company entered into a placing agreement with Convoy Investment Services Limited ("Convoy"), whereby the Company has agreed to issue and Convoy has agreed, on a best efforts basis, to act as the placing agent to procure the subscribers to subscribe for the non-listing, 7% per annum bonds of up to HKD150,000,000 in principal amount, maturing on the 7th anniversary of the date of issue ("the Bonds").

The maximum gross and net proceeds from the issue of Bonds will be approximately HKD150,000,000 and HKD138,000,000. The Company intends to use the net proceeds from the Bonds Issue for (i) settling any liabilities arising from previous acquisitions of business by the Group; and (ii) general working capital of the Group. Upon the date of this announcement, HKD90,980,914 of the Bonds were issued.

Details of the issue of the Bonds are set out in the announcement of the Company dated 10 July 2014.

The Placing of Shares

On 24 September 2014 (after trading hours), the Company entered into a placing agreement with Haitong International Securities Company Limited ("Haitong") whereby the Company agreed to place, through Haitong, on a best effort basis, a maximum of 208,000,000 new Shares to not less than six Placees at a price of HKD1.00 per placing share. The placing price of HKD1.00 per Share represents (i) a discount of approximately 18.03% to the closing price of HKD1.22 per Share as quoted on the Stock Exchange on 24 September 2014, being the date of the placing agreement. The placing shares were issued under the general mandate granted to the Board pursuant to the resolution passed by the Shareholders of the Company at the annual general meeting of the Company on 14 May 2014 and therefore not subject to the approval of the shareholders of the Company.

The net price raised per placing share is approximately HKD0.995. The net proceeds from the placing were approximately HKD206,960,000 and were used for working capital, repayment of debts arising from the issued convertible bonds, repayment of partial bank loan(s) and repayment of partial debts arising from previous business acquisition(s).

As a result of the above, the Company's total issued share capital increased to 1,249,404,000 Shares as at 7 October 2014. Details of the placing are set out in the announcements of the Company dated 24 September 2014, 26 September 2014 and 7 October 2014.

Acquisitions and Disposal

Acquisition of interest in Hongsong Renewable Energy

On 15 November 2013, Beichen Hightech entered into an acquisition agreement with the vendors, namely 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 the 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 disposal of, and Beichen Hightech conditionally agreed to purchase approximately 26.00% of the equity interest of Hongsong Renewable Energy at the total consideration of RMB147,298,000.

Upon the completion of the aforesaid acquisitions of approximately 17.80%, 12.25% and 26.00% equity interest of Hongsong Renewable Energy, Beichen Hightech has obtained approximately 76.98% equity interest in Hongsong Renewable Energy, hence has obtained the control of approximately 35.06% registered capital in Hongsong. In addition to the approximately 50.30% registered capital in Hongsong that the Group currently controls, the aggregate control of registered capital 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 11 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 were completed on June 2014. 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, 18 March 2014 and 19 May 2014, respectively, and the circular of the Company dated 30 April 2014, respectively.

Apart from the transactions disclosed above and as set out in this announcement, there were no other material acquisition and disposal of subsidiaries and associated companies by the Group from 1 January 2014 to the date of this announcement.

Non-legally binding Cooperation Agreement

Cooperation agreement with China Create Financial Holding Group Co., Ltd. ("China Create").

On 25 July 2014, the Company entered into a non-legally binding cooperation agreement with China Create which shall remain in effect for 5 years in respect of development financing, aiming at integrating China Create's advantage in financing and the Group's advantage to build a comprehensive and in depth strategic comparative relationship.

Details of the cooperation agreement are set out in the announcement of the Company dated 25 July 2014.

Pledge of Assets

As at 31 December 2014, the Group has pledged certain property, plant and equipment (including leasehold land and buildings) with a carrying value of approximately RMB892,367,000 (2013: approximately RMB966,454,000), and trade and other receivables with a carrying value of approximately RMB92,708,000 (2013: approximately RMB9,359,000) as security for the borrowings obtained by the Group.

As at 31 December 2014, the Group has pledged bank deposits with a carrying value of approximately RMB8,919,000 (2013: approximately RMB701,000) as securities for bank guarantees issued to independent third parties and for the Group to issue bank acceptance bills.

As at 31 December 2014 and 31 December 2013, the entire issued share capital of certain subsidiaries of the Company were pledged for borrowings obtained by the Group.

Contingent Liabilities

As at 31 December 2014 and as at 31 December 2013, the Group had no material contingent liabilities.

Employees

As at 31 December 2014, the Group had approximately 600 full-time employees (2013: approximately 600 employees) in Hong Kong and the PRC in respect of the Group's continuing operations. For the year ended 31 December 2014, the relevant staff costs (including Directors' remuneration) were approximately RMB54,191,000 (2013: approximately RMB48,977,000). 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 2014 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 2014.

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 2014 and this announcement had been reviewed by the audit committee of the Company before being presented to the Board for approval.

SCOPE OF WORK OF AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2014 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 2014. The work performed by HLB in this respect did not constitute an 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 preliminary announcement.

SHARE OPTION SCHEME

For the year ended 31 December 2014, 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 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF 2014 ANNUAL REPORT

The 2014 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, 23 March 2015

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.