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 2015

GROUP FINANCIAL HIGHLIGHTS

— The Group's (loss)/profit for the year from continuing operations amounted to approximately RMB(45,946,000) (2014: approximately RMB45,295,000).

— The Group's loss for the year from the discontinued operation was approximately RMB26,482,000 (2014: approximately RMB134,044,000).

— The Group's revenue for continuing operations dropped by approximately 22% to approximately RMB314,733,000 (2014: approximately RMB405,261,000).

— The Group's gross profit for continuing operations decreased to approximately RMB121,102,000 (2014: approximately RMB197,867,000).

— The Group's loss attributable to equity shareholders amounted to approximately RMB84,449,000 (2014: approximately RMB150,827,000). The decrease in loss attributable to equity shareholders as compared to the year ended 31 December 2014 was mainly due to the discontinuation of the Group's power grid construction and consultation business.

However, the Group still experienced unfavorable financial results for the year ended 31 December 2015 mainly because of the decrease in electricity sales in Hebei Hongsong Wind Power Co., Ltd. ("Hongsong").

— Consolidated net assets value of the Group increased considerably to approximately RMB712,031,000 (2014: approximately RMB640,381,000).

— Total equity attributable to equity shareholders of the Company as at 31 December 2015 was approximately RMB467,293,000 (2014: approximately RMB393,095,000).

— Basic and diluted loss per share from continuing operations was approximately RMB0.042 (2014: approximately RMB0.016) and that from discontinued operation was approximately RMB0.019 (2014: approximately RMB0.123).

— The Board does not recommend a final dividend for the year ended 31 December 2015.

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 2015 together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Continuing operations			
Revenue	4	**314,733**	405,261
Cost of sales		**(193,631)**	(207,394)
Gross profit		**121,102**	197,867
Other revenue and net income	6	**35,040**	26,288
Distribution costs		**(785)**	(1,053)
Administrative expenses		**(80,211)**	(35,068)
Other operating expenses		—	(787)
Profit from operations		**75,146**	187,247
Finance costs	7(i)(a)	**(109,034)**	(124,087)
Share of profits less losses of an associate		**2**	(81)
(Loss)/Profit before taxation	7	**(33,886)**	63,079
Income tax	8	**(12,060)**	(17,784)
(Loss)/Profit for the year from continuing operations		**(45,946)**	45,295
Discontinued operation			
Loss for the year from discontinued operation	11	**(26,482)**	(134,044)
Loss for the year		**(72,428)**	(88,749)
Attributable to:			
Equity shareholders of the Company		**(84,449)**	(150,827)
Non-controlling interests		**12,021**	62,078
Loss for the year		**(72,428)**	(88,749)
Loss per share attributable to the owners of the Company during the year			
Basic and diluted	10		
— Continuing operations (RMB)		**(0.042)**	(0.016)
— Discontinued operation (RMB)		**(0.019)**	(0.123)
		(0.061)	(0.139)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
Loss for the year	**(72,428)**	(88,749)
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	**1,238**	(142)
Other comprehensive income for the year (net of tax)	**1,238**	(142)
Total comprehensive income for the year	**(71,190)**	(88,891)
Total comprehensive income attributable to:		
Equity shareholders of the Company	**(83,211)**	(150,969)
Non-controlling interests	**12,021**	62,078
Total comprehensive income for the year	**(71,190)**	(88,891)

Consolidated Statement of Financial Position

At 31 December 2015

	Note	**2015** *RMB'000*	2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**2,234,488**	2,224,346
Lease prepayments		**16,769**	14,029
Interest in an associate		**9,855**	—
Available-for-sale investments		**6,229**	6,229
		2,267,341	2,244,604
Current assets			
Trade and other receivables	*12*	**392,924**	461,639
Lease prepayments		**507**	447
Pledged bank deposits		—	8,919
Tax recoverable		—	7,356
Cash and cash equivalents		**143,747**	175,599
		537,178	653,960
Current liabilities			
Trade and other payables	*13*	**96,873**	173,599
Borrowings		**357,890**	461,496
Current taxation		**4,592**	6,885
		459,355	641,980
Net current assets		**77,823**	11,980
Total assets less current liabilities		**2,345,164**	2,256,584
Non-current liabilities			
Other payables	*13*	—	114,908
Borrowings		**1,591,189**	1,455,722
Deferred tax liabilities		**41,944**	45,573
		1,633,133	1,616,203
Net assets		**712,031**	640,381
Capital and reserves			
Share capital		**13,182**	11,180
Reserves		**454,111**	381,915
Total equity attributable to equity shareholders of the Company		**467,293**	393,095
Non-controlling interests		**244,738**	247,286
Total equity		**712,031**	640,381

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 2015 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 Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

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 2015 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 financial instruments classified as available-for-sale are stated at their fair value.

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 that are 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 that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, *Employee benefit: Defined benefit plans: Employee contributions*
- Annual Improvements to HKFRSs 2010-2012 Cycle
- Annual Improvements to HKFRSs 2011-2013 Cycle

These amendments do not have a material impact on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE

The principal activity of the Group is wind power generation. The Group discontinued its power grid construction and consultation business upon disposal of Hebei Beichen Power Grid Construction Co., Ltd. ("Beichen Power Grid") in June 2015, which is further disclosed in note 11.

Revenue represents the sales value of electricity generated from the wind farm supplied to a power grid company (net of value added tax), revenue from construction contracts and consultations and processing income charged to customers. The amount of each significant category of revenue is as follows:

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Sales of electricity	**314,733**	403,227
Processing income	**—**	2,034
	314,733	405,261
Discontinued operation		
Revenue from construction contracts and consultations	**40,881**	125,698
	355,614	530,959

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 purpose of resource allocation and performance assessment, the Group has presented the following two reportable segments, of which one of the segments was disposed in June 2015. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

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

Discontinued operation:

— Construction contracts: this segment constructs power grid and wind farm and provides related consultation 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 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 2015 and 2014 is set out below.

For the year ended 31 December 2015:

	Continuing operations			**Discontinued operation**	
	Wind farm operations	**Un-allocated**	**Sub-total**	**Construction contracts**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment revenue	**314,733**	**—**	**314,733**	**40,881**	**355,614**
Reportable segment profit/(loss)	**48,552**	**1,212**	**49,764**	**(26,404)**	**23,360**
Central administrative costs	**—**	**(51,011)**	**(51,011)**	**—**	**(51,011)**
Finance costs	**—**	**(32,717)**	**(32,717)**	**—**	**(32,717)**
Loss before taxation					**(60,368)**
Income tax					**(12,060)**
Loss for the year					**(72,428)**

For the year ended 31 December 2014:

	Continuing operations				Discontinued operation	
	Wind farm operations	Processing of wind turbine blades	Un-allocated	Sub-total	Construction contracts	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	403,227	2,034	—	405,261	125,698	530,959
Reportable segment profit/(loss)	113,200	(1,559)	2,033	113,674	(131,059)	(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)

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

For the year ended 31 December 2015:

	Continuing operations			Discontinued operation	
	Wind farm operations *RMB'000*	**Un-allocated** *RMB'000*	**Sub-total** *RMB'000*	**Construction contracts** *RMB'000*	**Total** *RMB'000*
Depreciation and amortisation for the year	**(157,590)**	**(1,077)**	**(158,667)**	**(1,924)**	**(160,591)**
Impairment losses on trade and other receivables	**(9,000)**	**(6,307)**	**(15,307)**	**(13,439)**	**(28,746)**
Reversal of impairment losses on trade and other receivables	—	—	—	**16,455**	**16,455**
Interest income	**2,886**	**1,417**	**4,303**	**18**	**4,321**
Share of profits less losses of an associate	—	**2**	**2**	—	**2**
Assets	**2,625,406**	**169,258**	**2,794,664**	—	**2,794,664**
Associate	—	**9,855**	**9,855**	—	**9,855**
Reportable segment assets	**2,625,406**	**179,113**	**2,804,519**	—	**2,804,519**
Additions to non-current segment assets during the year	**191,421**	**96**	**191,517**	—	**191,517**
Reportable segment liabilities	**(1,577,781)**	**(514,707)**	**(2,092,488)**	—	**(2,092,488)**

For the year ended 31 December 2014:

	Continuing operations				Discontinued operation	
	Wind farm operations *RMB'000*	Processing of wind turbine blades *RMB'000*	Un-allocated *RMB'000*	Sub-total *RMB'000*	Construction contracts *RMB'000*	Total *RMB'000*
Depreciation and amortisation for the year	(159,312)	(843)	(353)	(160,508)	(4,910)	(165,418)
Impairment losses on trade and other receivables	—	—	—	—	(47,665)	(47,665)
Interest income	1,585	2	11	1,598	47	1,645
Share of profits less losses of an associate	—	—	(81)	(81)	—	(81)
Reportable segment assets	2,547,886	6,203	19,872	2,573,961	324,603	2,898,564
Additions to non-current segment assets during the year	41,116	—	418	41,534	2,781	44,315
Reportable segment liabilities	(1,452,483)	(6,242)	(476,828)	(1,935,553)	(322,630)	(2,258,183)

(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 2015, revenue of approximately RMB314,733,000 (2014: approximately RMB403,227,000) was made to a single customer attributable to the wind farm operations segment comprising approximately 89% (2014: approximately 76%) of the total revenue of the Group.

6. OTHER REVENUE AND NET INCOME

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Interest income on financial assets not at fair value through profit or loss	**4,303**	1,598
Government subsidy income related to value added tax refund	**27,354**	18,656
Fair value gain on derivative financial instruments	**—**	2,955
Rental income from operating leases related to		
— plant and machinery	**—**	222
— buildings	**2,806**	2,694
Others	**577**	163
	35,040	26,288
Discontinued operation		
Interest income on financial assets not at fair value through profit or loss	**18**	47
Compensation income on prepayment on acquisition of land use rights	**—**	2,120
Others	**—**	(29)
	18	2,138
	35,058	28,426

7. (LOSS)/PROFIT BEFORE TAXATION

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

		2015	2014
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank and other loans	**100,705**	120,644
	Interest expenses on bonds	**8,321**	489
	Interest expenses on convertible bonds	**—**	2,949
	Finance charges on obligations under finance lease	**8**	5
	Interest expenses on financial liabilities not at fair value through profit or loss	**109,034**	124,087
(b)	**Staff costs (including Directors' remuneration)[#]:**		
	Contributions to retirement benefit schemes	**2,224**	2,409
	Equity settled share-based payment expenses to staff	**9,038**	—
	Salaries, wages and other benefits	**31,670**	27,367
		42,932	29,776
(c)	**Other items:**		
	Amortisation of lease prepayments	**667**	447
	Impairment losses:		
	— trade and other receivables (included in administrative expenses)	**15,307**	—
	— inventories (included in cost of inventories)[#]	**—**	333
	Loss on redemption of convertible bonds[△]	**—**	787
	Depreciation for property, plant and equipment[#]		
	— owned assets	**157,916**	159,999
	— assets held for own use under finance lease	**84**	62
	Net foreign exchange losses	**14,844**	5,707
	Auditors' remuneration		
	— audit services	**949**	879
	Operating lease charges		
	— minimum lease payments in respect of property rentals[#]	**1,469**	1,221
	Cost of inventories[#]	**—**	1,790
	Loss/(Gain) on disposal of property, plant and equipment	**105**	(36)

[#] During the year ended 31 December 2014, cost of inventories includes approximately RMB738,000 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):

		2015	2014
		RMB'000	*RMB'000*
(a)	**Finance costs:**		
	Interest on bank loans	**7,370**	13,674
	Interest expenses on financial liabilities not at fair value through profit or loss	**7,370**	13,674
(b)	**Staff costs (including Directors' remuneration):**		
	Contributions to retirement benefit schemes	**911**	1,637
	Salaries, wages and other benefits	**5,892**	22,778
		6,803	24,415
(c)	**Other items:**		
	Impairment losses on trade and other receivables (included in administrative expenses)	**13,439**	47,665
	Reversal of impairment losses on trade and other receivables (included in administrative expenses)	**(16,455)**	—
	Depreciation for property, plant and equipment	**1,924**	4,910
	Operating lease charges		
	— minimum lease payments in respect of property rentals	**117**	292
	Gain on disposal of property, plant and equipment	**—**	(31)

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**11,935**	17,950
Under-provision in respect of prior years	**3,745**	1,757
Withholding tax	**—**	1,691
Deferred tax		
Origination and reversal of temporary differences	**(3,620)**	(3,614)
	12,060	17,784
Discontinued operation		
Current tax — PRC Enterprise Income Tax		
Provision for the year	**—**	530
Under-provision in respect of prior years	**—**	369
Deferred tax		
Origination and reversal of temporary differences	**—**	1,935
	—	2,834
	12,060	20,618

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 (2014: 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, 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").

Except for mentioned as above, the applicable income tax rate to the Group's PRC subsidiaries from continuing operations is 25% in 2015 and 2014.

The Law of the PRC Enterprise Income Tax and Implementation Regulation 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.

9. DIVIDENDS

No dividend has been declared or paid by the Company for the year ended 31 December 2015 (2014: Nil).

10. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share from continuing operations is based on the loss attributable to ordinary equity shareholders of the Company from continuing operations of approximately RMB57,967,000 (2014: approximately RMB16,783,000).

The calculation of basic loss per share from discontinued operation is based on the loss attributable to ordinary equity shareholders of the Company from discontinued operation of approximately RMB26,482,000 (2014: approximately RMB134,044,000).

The weighted average of approximately 1,374,686,000 ordinary shares (2014: approximately 1,088,996,000 ordinary shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**1,249,404**	1,033,772
Effect of conversion of convertible bonds	**—**	6,216
Effect of issue of shares upon placing	**125,282**	49,008
Weighted average number of ordinary shares at 31 December	**1,374,686**	1,088,996

(b) Diluted loss per share

For the year ended 31 December 2015, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the exercise price of those share options are higher than the average market prices of the Company's shares during the year.

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.

11. DISCONTINUED OPERATION

On 30 June 2015, the Group disposed its entire equity interest in Beichen Power Grid. The results of the power grid construction and consultation 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 power grid construction and consultation business as a discontinued operation.

		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**40,881**	125,698
Cost of sales		**(55,027)**	(172,768)
Gross loss		**(14,146)**	(47,070)
Other revenue and net income	*6*	**18**	2,138
Distribution costs		**(279)**	(885)
Administrative expenses		**(5,158)**	(71,719)
Loss from operations		**(19,565)**	(117,536)
Finance costs	*7(ii)(a)*	**(7,370)**	(13,674)
Loss before taxation	*7*	**(26,935)**	(131,210)
Income tax	*8*	**—**	(2,834)
		(26,935)	(134,044)
Gain on disposal of a subsidiary		**453**	—
Loss for the year from discontinued operation		**(26,482)**	(134,044)

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**87,599**	164,213
Less: allowance for doubtful debts	**—**	(16,762)
	87,599	147,451
Other receivables	**81,858**	64,992
Less: allowance for doubtful debts	**(6,307)**	(15,637)
	75,551	49,355
Loan receivables *(note iii)*	**90,603**	8,000
Less: allowance for doubtful debts	**(9,000)**	—
	81,603	8,000
Amount due from a former subsidiary *(note ii)*	**5,946**	—
Amount due from non-controlling interest *(note ii)*	**1,720**	—
Loans and receivables	**252,419**	204,806
Prepayments and deposits *(note v)*	**140,505**	159,552
Less: allowance for doubtful debts	**—**	(23,005)
	140,505	136,547
Gross amount due from customers for contract work	**—**	120,286
	392,924	461,639

Notes:

(i) All of the trade and other receivables (including loan receivables, amount due from a former subsidiary and amount due from non-controlling interest) are expected to be recovered or recognised as expense within one year.

(ii) As at 31 December 2015, the amount due from a former subsidiary and non-controlling interest were unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2015, the loan receivables from independent third parties were unsecured, bore interest at rates ranging from 5% to 18% per annum and repayable within one year.

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

(iv) As at 31 December 2015, the Group has pledged certain of its trade receivables with carrying values of approximately RMB84,995,000 (2014: approximately RMB91,708,000) to secure its bank loans.

(v) As at 31 December 2015, the Group has pledged certain of its deposit with carrying values of RMB11,000,000 to secure its other loan.

As at 31 December 2014, the Group has pledged certain of its deposit with carrying values of RMB1,000,000 to secure a guarantee provided by an independent third party, namely 河北融投擔保集團有限公司 for the Group's certain bank loan.

(a) Ageing analysis

Trade receivables are net of allowance for doubtful debts of nil (2014: approximately RMB16,762,000) with the following ageing analysis, based on invoice date, as of the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within three months	**56,550**	101,549
More than three months but within one year	**30,178**	18,796
More than one year	**871**	27,106
At 31 December	**87,599**	147,451

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

13. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**11,924**	67,892
Bills payable	**—**	23,000
Other payables *(note i)*	**84,947**	150,379
Amounts due to Directors *(note ii)*	**2**	18,326
Amounts due to non-controlling interests *(note ii)*	**—**	10,121
Financial liabilities measured at amortised cost	**96,873**	269,718
Gross amount due to customers for contract work	**—**	12,641
Advance from customers	**—**	6,148
	96,873	288,507
Less: non-current portion of other payables *(note i)*	**—**	(114,908)
	96,873	173,599

Notes:

(i) As at 31 December 2015, the balance included in the other payables amounting of approximately RMB51,548,000 (2014: approximately RMB114,908,000) represented the outstanding payable to the vendors for the acquisition of equity interest 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 2015, the balance included in the other payables amounting of approximately RMB4,134,000 (2014: Nil) represented the amount due to a former executive director. The amount due was unsecured, interest-free and repayable on demand.

(ii) As at 31 December 2015, the amounts due were unsecured, interest-free and repayable on demand.

Except for amounts due to Directors of approximately RMB424,000 by the Group as at 31 December 2014 which were unsecured, bore interest at 12% per annum and repayable on 5 November 2015, the remaining balances of amounts due to Directors and non-controlling interests 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:

	2015	2014
	RMB'000	*RMB'000*
Within three months	**6,635**	14,893
More than three months but within one year	**137**	13,491
More than one year	**5,152**	39,508
	11,924	67,892

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

As at 31 December 2014, the bills payable were secured by the Group's pledge bank deposits and the bills payable were repayable with an average maturity period of three months.

14. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2015 not provided for in the financial statements were as follows:

	2015	2014
	RMB'000	*RMB'000*
Capital injection in a subsidiary		
— Contracted for	**387,562**	387,562
Capital injection in an associate		
— Contracted for	**102,588**	—
Acquisition of a subsidiary		
— Contracted for	**10,000**	—
Acquisition of property, plant and equipment		
— Contracted for	**243,417**	6,039
	743,567	393,601

(b) At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**2,584**	624
After 1 year but within 5 years	**3,632**	312
	6,216	936

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 2015

For the year ended 31 December 2015, the Group's revenue from the continuing operations amounted to approximately RMB314,733,000 (2014: approximately RMB405,261,000), representing a decrease of approximately 22% from that of 2014. Gross profit from continuing operations decreased by approximately 39% to approximately RMB121,102,000 for the year ended 31 December 2015 (2014: approximately RMB197,867,000). The loss attributable to equity shareholders of the Company for the year ended 31 December 2015 was approximately RMB84,449,000 (2014: approximately RMB150,827,000). Consolidated net assets value of the Group as at 31 December 2015 increased by approximately 11% to approximately RMB712,031,000 (2014: approximately RMB640,381,000).

The overall financial results for the year ended 31 December 2015 recorded a reduced loss, which was mainly attributable to the decrease in electricity sales in Hongsong, increase both in share-based payment expenses related to share options granted in 2015 and increase in net foreign exchange losses arising from the depreciation of Renminbi while part of the Group's borrowings is in US dollars or HK dollars, which off-set the financial impacts on disposal of the power grid construction business during the year. On 14 April 2015, the Group disposed of Beichen Power Grid, an indirect wholly-owned subsidiary of the Company before the disposal. Upon completion of the disposal in June 2015, the Group ceased to operate the relevant power grid construction business.

(1) Wind farm operations

For the year ended 31 December 2015, the revenue from the wind farm operations amounted to approximately RMB314,733,000 (2014: approximately RMB403,227,000), representing a decrease of approximately 22% from that of 2014. The segment profit from the wind farm operations were approximately RMB48,552,000 (2014: approximately RMB113,200,000), representing a decrease of approximately 57% from that of 2014.

Hongsong's wind farm projects

The development of Hongsong's wind farm made steady progress in 2015, Hongsong completed the construction of the Phase 9 Project – The Yuanhui Project, and it successfully went on grid in December 2013. On the other hand, striving to go on grid and commence power generation as soon as possible, the Phase 10 Jifeng Wind Power Project with a designed installation capacity of 49.5MW has already obtained project approval letters from the relevant governmental departments, and other documents, such as feasibility study report and environmental protection assessment report, have already been submitted for approval. This project is expected to bring an additional annual electricity output of approximately 100 million KW per hour to the Group upon completion. By that time, the total installed capacity of Hongsong will reach 447.9 MW and the Group's revenue from the operations of wind farms are expected to increase significantly.

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

Langcheng, another subsidiary of the Company possesses a wind farm in Shangtoudi of Hexigten Qi with an installable capacity of 596.4MW. At the end of December 2015, Langcheng has completed the construction of Phase 1 project and it successfully went on grid. On the other hand, Phases 2 and 3 of Langchengs's wind farm with a total installation capacity of 99 MW were chosen 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》) prepared by the National Energy Administration on 24 April 2015. The construction is currently in progress with the major infrastructures such as road and foundation ring of Phases 2 and 3 completed. It is anticipated that the Group's revenue from the operations of wind farms will increase significantly.

(2) Power grid construction and consultation business (the discontinued operation)

With focusing of the Group's development of its principal business in the renewable energy sector, the Group completed the disposal of its power grid construction business on 30 June 2015. The power grid construction business of the Group was mainly run by Beichen Power Grid. Upon completion of the disposal, the Group recorded a gain on the disposal of approximately RMB453,000.

In addition, the Group has further improved its financial structure. In 2015, the Group has issued bonds and completed the placing of new shares, and the working capital has been greatly increased.

Acquisitions and Disposal

(1) Acquisition of interest in Hong Song Holdings Limited

On 12 January 2015, the Company entered into an acquisition agreement with an independent third party, pursuant to which the vendor conditionally agreed to dispose of, and the Company conditionally agreed to purchase the entire equity interest in Hong Song Holdings Limited which indirectly held approximately 1.65% of the equity interest of Hongsong at the total consideration of HKD39,600,000.

Upon the completion of the aforesaid acquisition of the entire equity interest in Hong Song Holdings Limited, the Company obtained approximately 69.95% equity interest in Hongsong, and the aggregate control of registered capital in Hongsong held by the Group has increased to approximately 86.55%.

Since the highest of the applicable percentage ratios (as defined in the Listing Rules) for the acquisition was below 5%, the acquisition did not constitute a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and was exempted from shareholders' approval requirements under Chapter 14 of the Listing Rules.

(2) Disposal of interest in Beichen Power Grid

On 14 April 2015 (after trading hours), Chengde Ruifeng Renewable Energy Windpower Company Limited ("Ruifeng Windpower") (an indirect wholly-owned subsidiary of the Company) entered into an assignment of benefits agreement (the "Assignment of Benefits Agreement"), pursuant to which Ruifeng Windpower conditionally agreed to assign to Mr. Cui De (the "Assignee") 100% of the benefits under an exclusive technical consultation agreement at the consideration of RMB100,100,000 (the "Assignment"). The Assignee was an independent investor who was not connected with any Directors, chief executive or substantial shareholders of the Company or its subsidiaries and their respective associates.

On 30 July 2015 (after trading hours), Ruifeng Windpower further entered into a supplementary agreement with the Assignee and Beichen Power Grid in respect of the adjustment mechanism to the consideration of Assignment of Benefits Agreement with the calculation of consideration based on the unaudited net assets value of Beichen Power Grid.

The Assignment was completed on 30 June 2015. Upon completion of the Assignment, Ruifeng Windpower was entitled to the economic benefits and risks arising from the business and operations of Beichen Power Grid, which in effect constituted a disposal of the same by Ruifeng Windpower to the Assignee.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Assignment of Benefits Agreement were more than 5% but less than 25%, the Assignment and the transactions contemplated under the Assignment of Benefits Agreement were subject to, among other things, the reporting and announcement requirements, but were exempted from shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the Assignment are set out in the announcements of the Company dated 14 April 2015 and 30 July 2015.

(3) Acquisition of World Business Limited

On 17 August 2015 (after trading hours), City Alliance Management Limited (formerly known as City Alliance Limited) ("City Alliance"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Mr. Chen Min (to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, a third party independent of the Company and is not a connected person (as defined in the Listing Rules) of the Company), pursuant to which City Alliance agreed to purchase and Mr. Chen Min agreed to sell 100% of the equity interest in World Business Limited. Upon completion of the aforesaid acquisition, World Business Limited would become a wholly-owned subsidiary of the Company. The consideration of the acquisition was HKD11,374,945, which was funded by the internal resources of the Group.

The consideration was arrived at after arm's length negotiations between City Alliance and Mr. Chen Min with reference to the unaudited total asset of World Business Limited as at 30 June 2015 as well as the total investment made by World Business Limited to Shenzhen Qianhai Jiefeng Financing and Leasing Limited（深圳前海捷豐融資租賃有限公司）amounting to USD1,342,440.50.

Please refer to the announcement of the Company dated 17 August 2015 for further details of the aforesaid acquisition.

Business Cooperation

On 25 July 2014, the Company entered into a non-legally binding cooperation agreement with China Create Financial Holding Group Co., Ltd. ("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.

The scope of the cooperation includes the following:—

(i) Development, construction and operation of new-energy projects in China, the United States, Europe and Asia-Pacific region;

(ii) Acquisition and reorganisation of technologies, businesses and assets in relation to the business of new-energy; and

(iii) Cooperation in respect of financing consultation and financial products.

According to the business development planning and investment needs of the Company, from 2014 to 2019, the investment amount of parties in various financial products shall be RMB10 billion, subject to contracts or approved documents to be entered into between parties.

The Company has agreed that, with the same conditions offered, it shall give priority in using financial products and services of China Create, and that each investment, fund, guarantee or loan obtained by the Company from China Create shall be used for the purpose as designated under relevant contract or approved documents.

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

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2015, after the disposal of the power grid construction business and consultation of power grid and transformer project in June 2015, the Group's revenue was mainly derived from the business of wind power generation. Revenue from continuing operations for the year ended 31 December 2015 was approximately RMB314,733,000, representing a drop by approximately 22%. The drop in the revenue was due to the business of wind power generation suffering from the slowdown of China's gross domestic growth. The Group's operating bases for the business of wind power generation are mainly located in Chengde City of Hebei Province and Inner Mongolia.

Analysis of the Group's revenue from its continuing operations for the year ended 31 December 2015 is set out below:

Revenue by business

	Year ended 31 December			**Approximate change in**
	2015	2014	**Decrease**	**percentage**
	RMB million	*RMB million*	*RMB million*	*(%)*
Continuing operations				
Wind power generation	**314.73**	403.23	(88.50)	(22)
Processing of wind turbine blades	—	2.03	(2.03)	(100)
Discontinued operation				
Power grid constructions and consultations	**40.88**	125.70	(84.82)	(67)
Total	**355.61**	530.96	(175.35)	(33)

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 2015 accounted for approximately RMB193,631,000, which represented approximately 62% of the Group's revenue, showing an increase from that of approximately 51% for the year ended 31 December 2014.

Gross Profit

Gross profit from the continuing operations decreased by approximately 39% to approximately RMB121,102,000 (2014: approximately RMB197,867,000) which was primarily derived from the operation of the Group's business of wind power generation. The gross profit margin has also decreased from approximately 49% to approximately 38% for the year ended 31 December 2015 because the operating performance of the business of wind farm operation experienced a slight downturn.

Other Revenue and Net Income

Other revenue and net income from the continuing operations mainly comprised of tax refund from government (2015: approximately RMB27,354,000; 2014: approximately RMB18,656,000), interest income (2015: approximately RMB4,303,000; 2014: approximately RMB1,598,000) and rental income from operating leases (2015: approximately RMB2,806,000; 2014: approximately RMB2,916,000). The slight increase in other revenue and net income by approximately RMB8,752,000 was mainly because of the increase in government subsidy income and interest income.

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 2015 represented approximately 0.2% of the Group's revenue, which is similar to that of approximately 0.3% for the corresponding year in 2014.

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 losses and allowance of doubtful debts for trade and other receivables. It increased by approximately 129% to approximately RMB80,211,000 for the year ended 31 December 2015 when compared with that of approximately RMB35,068,000 for the year ended 31 December 2014 mainly because of increase in share-based payment expenses related to share options granted in 2015, exchange losses 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 mainly comprised of the loss on redemption of convertible bonds. The reduction in the other operating expenses to nil in 2015 was because of the loss on redemption of convertible bonds recorded in 2014 did not recur in 2015.

Finance Costs

Finance costs from the continuing operations mainly refer to the interest expenses and the bank charges on bank and other borrowings obtained by the Group. It amounted to approximately RMB109,034,000 for the year ended 31 December 2015 while it amounted to approximately RMB124,087,000 in the corresponding period of 2014.

Taxation

Taxation expenses from the continuing operations decreased to approximately RMB12,060,000 for the year ended 31 December 2015 (2014: approximately RMB17,784,000). Such a decrease was mainly derived from the decrease in taxable income of Hongsong.

(Loss)/profit for the Year

(Loss)/profit for the year ended 31 December 2015 from the continuing operations was approximately RMB(45,946,000) (2014: approximately RMB45,295,000). The significant drop was mainly due to the decrease in electricity sales of Hongsong and increase in administrative expenses.

Loss attributable to equity shareholders was approximately RMB84,449,000 (2014: approximately RMB150,827,000).

Loss for the year from the discontinued operation was approximately RMB26,482,000 (2014: approximately RMB134,044,000).

Net Current Assets

Net current assets of the Group as at 31 December 2015 increased to approximately RMB77,823,000 when compared with that of approximately RMB11,980,000 as at 31 December 2014.

Liquidity and Financing

The cash and bank balances (including the pledged bank deposits) as at 31 December 2015 and 31 December 2014 amounted to approximately RMB143,747,000 (mainly denominated in Renminbi ("RMB"), United States dollar ("USD") and Hong Kong dollar ("HKD"), which comprised approximately RMB102,573,000, USD6,000 and HKD49,278,000), and approximately RMB184,518,000, respectively.

Total borrowings of the Group as at 31 December 2015 amounted to approximately RMB1,949,079,000, representing an increase of approximately RMB31,861,000 when compared with approximately RMB1,917,218,000 as at 31 December 2014. The increase in the total borrowings is mainly because of additional borrowing was obtained by Langcheng for financing the Phase 1 project, Hongsong for financing acquisition of property, plant and equipment and the Company for financing acquisition and working capital.

The Group repaid its debts mainly through the steady recurrent cash-flows generated by its operations and by other equity financing. The Group's gearing ratio slightly decreased to approximately 75% as at 31 December 2015 from approximately 78% as at 31 December 2014. That ratio was calculated by dividing the Group's total liabilities by its total assets. During the year ended 31 December 2015, all of the Group's borrowings were settled in RMB, USD and HKD and all of the Group's income was denominated in RMB. Interest bearing borrowings were approximately RMB1,949,079,000 as at 31 December 2015. Among the interest bearing borrowings of the Group, approximately RMB141,960,000 were fixed rate loans, while RMB1,807,119,000 were variable rate loans. The Group had not engaged in any currency hedging facility for the year ended 31 December 2015 and up to the date of this announcement, as the Board considered that the cost of any hedging facility would be higher than the potential risk of the costs incurred from currency fluctuations and interest rate fluctuations in individual transactions.

Placing of Bonds

On 10 July 2014 (after trading hours), the Company entered into a placing agreement with Convoy Investment Services Limited ("Convoy"), whereby the Company agreed to issue and Convoy 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 Company also issued corporate bonds to potential investors (if any) in the aggregate principal amount to HKD100,000,000 at par value with maturity date of 3 years and 5 years under substantially the same terms as the Corporate Bonds with maturity date of 7 years except that the interest rates of corporate bonds with maturity date of 3 years and 5 years are adjusted to 6% and 6.5% per annum respectively ("the Bonds").

The Company intends to use the net proceeds from the Bonds issued for (i) settling any liabilities arising from previous acquisitions of business by the Group; and (ii) general working capital of the Group. As at 31 December 2015 and 31 December 2014, principal amount of approximately HKD144,236,000 and approximately HKD41,981,000 of the Bonds had been issued respectively.

Details of the issue of the Bonds are set out in the announcements of the Company dated 10 July 2014, 28 April 2015 and 29 April 2015.

The Placing of Shares

On 18 June 2015 (after trading hours), the Company entered into a placing agreement (the "Placing Agreement") with Qilu International Securities Limited ("Qilu") whereby the Company agreed to place, through Qilu, on a best effort basis, a maximum of 249,880,000 new shares of the Company to not less than six placees which are independent institutional, professional and/or individual investors who are not connected with any Directors or substantial shareholders or chief executive of the Company or its subsidiaries and their respective associates, at a price of HKD0.80 per placing share. The placing price of HKD0.80 per Share represents a discount of approximately 16.67% to the closing price of HKD0.96 per Share as quoted on the Stock Exchange on 18 June 2015, 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 1 June 2015 and therefore not subject to the approval of the shareholders of the Company.

The net price raised per placing share is approximately HKD0.80. The net proceeds from the placing were approximately HKD198,904,000 and were used for general working capital, repayment of partial bank loan(s), repayment of partial debts arising from previous business acquisition(s) and possible opportunities of mergers and acquisitions. The completion of the aforesaid placing took place on 2 July 2015.

As a result of the above, the Company's total issued share capital increased to 1,499,284,000 Shares as at 2 July 2015. Details of the abovementioned placing are set out in the announcements of the Company dated 18 June 2015 and 2 July 2015.

Share Options Scheme

Termination of the Existing Share Option Scheme

Pursuant to a written resolution passed by the shareholders of the Company on 17 May 2006, the Company adopted the existing share option scheme (the "Existing Scheme"), which was due to expire on 16 May 2016. Under the Existing Scheme, the Board may offer options to the eligible persons prescribed in the Existing Scheme in its absolute discretion. As at 31 December 2015, no option has been granted under the Existing Scheme and no option has been exercised, cancelled, lapsed or outstanding.

Under the terms of the Existing Scheme, the Board may by resolution in general meeting at any time terminate the operation of the Existing Scheme. On 1 June 2015, the shareholders of the Company passed an ordinary resolution to terminate the Existing Scheme conditional upon a new share option scheme adopted by the shareholders of the Company on 1 June 2015 (the "New Scheme") becoming unconditional with effect from the adoption of the New Scheme provided that any options granted under the Existing Scheme prior to the date of its termination shall continue to be valid and exercisable in accordance with the Existing Scheme and the provision of the Existing Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of such options.

New Share Option Scheme

Pursuant to an ordinary resolution passed by the shareholders of the Company on 1 June 2015, the New Scheme was adopted to provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future. The New Scheme also provides appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group. The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group and to promote the success of the business of the Group.

The New Scheme shall be valid for 10 years from 1 June 2015 and the Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance criteria to be satisfied before such options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the subscription price (subject to the Listing Rules) in respect of any option. The Directors are of the view that the flexibility given to the Directors to impose the minimum period for which the options have to be held, the performance targets, the subscription price and other conditions (if any) that have to be achieved before the options can be exercised, will place the Group in a better position to attract and retain human resources that are valuable to the growth and development of the Group as a whole.

The Board may, at its absolute discretion, invite any person belonging to any of the following classes of persons of any member of the Group to be a participant of the New Scheme and to take up an option to subscribe for shares of the Company: (a) any full-time or part-time employee of any member of the Group; (b) any consultant or adviser of any member of the Group; (c) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (d) any substantial shareholder of the Group; or (e) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, to be determined absolutely by the Board.

An option is personal and shall not be assignable and in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of third party over or in relation to any option. For the avoidance of doubt, the grant of any options by the Company for the subscription of shares of the Company or any other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Board otherwise determined, be construed as a grant of option under the New Scheme.

An offer for the grant of options shall remain open for acceptance for a period of 7 days from the date of offer. An offer shall be deemed to have been accepted and an option to which the offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the Board may from time to time determine signifying acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HKD1.00 by way of consideration for the grant thereof is received by the Company within 28 days from the date of offer.

The subscription price shall be a price determined solely by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer, which must be a business day; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company on the date of the offer.

The aggregate number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. No options may be granted under the New Scheme or any other share option schemes of the Company if this will result in the limit being exceeded.

On the basis of 1,249,404,000 shares of the Company in issue as at the date of approval of the New Scheme by the shareholders of the Company on 1 June 2015, the maximum number of shares to be issued upon the exercise of options that may be granted under the New Scheme and any other schemes of the Company will be 124,940,400 shares, being 10% of the issued share capital of the Company as at 1 June 2015.

During the year ended 31 December 2015, a total of 124,920,000 options were granted on 31 July 2015 under the terms of the New Scheme, of which 4,620,000 options were granted to each of Mr. Li Baosheng (former Chairman and executive Director who resigned from both positions on 6 November 2015), Mr. Zhang Zhixiang (executive Director), Mr. Ning Zhongzhi (executive Director) and Mr. Zheng Xian Tao (executive Director) at the exercise price of HKD1.07 per share. Details of the options granted under the New Scheme are set out in the announcement of the Company dated 31 July 2015.

As at 31 December 2015, the total number of outstanding options available for grant under the New Scheme was 20,400 shares, which represented 0.0014% of the issued share capital of the Company as at 31 December 2015.

The status of share options granted up to 31 December 2015 is as follows:

Name and category of participant	Number of unlisted share options: As at 1 January 2015	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	As at 31 December 2015	Grant date	Exercise period	Exercise price per share	Price per share at grant date
Directors									
Zhang Zhixiang	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Ning Zhongzhi	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Zheng Xian Tao	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Li Baosheng[#]	—	4,620,000	—	—	4,620,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Other employees									
In aggregate	—	31,500,000	—	—	31,500,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
Other grantees									
In aggregate	—	74,940,000	—	—	74,940,000	31 July 2015	3 years commencing from 31 July 2015	HKD1.07	HKD1
TOTAL	**—**	**124,920,000**	**—**	**—**	**124,920,000**				

[#] Resigned as the chairman of the Board of Directors and an executive Director of the Company on 6 November 2015.

Proposed Issuance of Convertible Bonds

On 30 July 2015 (after trading hours), the Company and the subscriber, a financial institution incorporated in the PRC and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, an independent third party of the Company, entered into a non-legal binding memorandum of understanding, pursuant to which it is proposed that the Company will issue and the subscriber will subscribe for the convertible bonds of the Company in the principal amount of not less than HKD1,000,000,000. The conversion price shall not be higher than HKD0.5 per share.

The net proceeds from the purposed subscription of the convertible bonds were proposed to be applied towards (i) the business of the Company or any of its subsidiaries; (ii) the opportunity for potential mergers and acquisitions; and (iii) the general working capital and administrative expenses of the Company.

Details of the proposed issuance of convertible bonds are set out in the announcement of the Company dated 30 July 2015.

Pledge of Assets

As at 31 December 2015, the Group has pledged certain property, plant and equipment (including leasehold land and buildings) with a carrying value of approximately RMB1,128,327,000 (2014: approximately RMB892,367,000), and trade and other receivables with a carrying value of approximately RMB95,995,000 (2014: approximately RMB92,708,000) as security for the borrowings obtained by the Group.

As at 31 December 2015, the Group has no pledged bank deposits (2014: approximately RMB8,919,000) as securities for bank guarantees issued to independent third parties and for the Group to issue bank acceptance bills.

As at 31 December 2015 and 31 December 2014, 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 2015 and 31 December 2014, the Group had no material contingent liabilities.

Employees

As at 31 December 2015, the Group had approximately 150 full-time employees (2014: approximately 150 employees) in Hong Kong and the PRC in respect of the Group's continuing operations. For the year ended 31 December 2015, the relevant staff costs (including Directors' remuneration) were approximately RMB42,932,000 (2014: approximately RMB29,776,000). 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.

FUTURE PROSPECTS

The year of 2015 was destined to be distinctive. In the energy reports of 2013 and 2014, the National Energy Administration ("NEA") stated a number of major indicators to achieve in the area of energy, which included elasticity of energy consumption, aggregate amount of energy consumption, amount of coal production and consumption, amount of oil and gas production and consumption, and power generating capacity by non-fossil energy, etc. However, these specific development targets were not repeated in the 2015 energy report. Instead, the NEA set out a number of themes which were to be vigorously promoted and set the stage of the work in 2015. These themes included the promotion of revolutions in energy consumption, supply and technology, the promotion of reforms in the system of energy as well as grasping the opportunities of international cooperation. These indicate that the

PRC Government will soon reduce the degree of its intervention in the energy market and remove restrictions on the development of the industry, and such measures are going to result in a new trend in which resources are allocated by the market instead of by government intervention.

The adverse effects such as air pollution and global warming resulted from traditional coal-fired power generation have led to high degree of support and attention from the public for the development of renewable energy. As a renewable energy which has the highest level of commercialisation, there is no doubt that the wind power industry will gain further acclamation.

The PRC Government has provided supports to the development of wind power industry in various aspects, and with initial success as exemplified in the increasing shares of wind power in total energy consumption in different regions. The development of wind power has great significance in adjusting the country's energy structure. Given the serious problem of smog 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 segments in the development of clean energy.

In January 2015, the NEA officially enacted the "Notice for the Fifth Batch of Wind Farm Project Approvals under the 12th Five-Year Plan" (《關於報送「十二五」第五批風電項目核准計劃的通知》), which specifically classified Hebei Province as the key region for wind power development and construction in 2015. In addition, the notice indicated the necessity to expedite the construction project of Chengde wind power base phase 2. These measures would provide support for sustainable development of the Group's wind power business.

Meanwhile, to foster the widespread development of clean energy and strengthen its consumption both inter-regionally and inter-provincially, the PRC Government will expedite backbone grid constructions such as ultra-high voltage projects. Up until now, the PRC Government has completed the construction of "two alternating current circuits and four direct current circuits" ultra-high voltage projects while over 15,000km of ultra-high voltage circuits are either in operation or under construction. In response to the power transmission corridors under the PRC's "One Belt and One Road Strategy" and to achieve the interconnection of the grids between the five Central Asian countries, State Grid Corporation of China has planned to start preliminary works for the four international interconnections of ultra-high voltage direct current projects. This would fully enhance the capability of the PRC in the construction of ultra-high voltage circuits, and create an era of innovation in ultra-high voltage technology.

Looking ahead, the Group's wind farm operation business will experience rapid development. With the advantage of a secured development environment in general and the increased level of attention to wind power by the public, the Company is expected to have a bright development prospect. In respect of the business growth of the Group in 2016, the Group has adopted the following development strategies:

The Group will continue to focus its resources on the development and operation of wind farms and is determined to become one of the pillars of the renewable energy industry in the northern China. The Group will speed up the development of renewable energy business by way of cooperative development and acquisitions. The Group will continue to identify and acquire mature power plants with promising development prospects, in order to strengthen the existing wind farm operation and maintenance business in Hebei area and gradually extend the business to the surrounding areas. On the other hand, the Company has increased its investment in Hongsong since 2013, hoping to increase the weighting of wind power business in the Company's businesses. The shareholdings in Hongsong are currently maintained in 86.55%. In the future, the Group will continue with the integration work after the capital investment in Hongsong and enhance its interactions 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.

In the meantime, the Group will also expand to the business of solar photovoltaic power station in small scale. Hongsong, China Suntien Green Energy Co., Ltd. and Jinglong Industrial Group Co., Ltd. jointly established Suntien Hebei Solar Energy Development Co., Ltd., with an aim to leverage on the advantage of the shareholding companies' capabilities and speed up the development of Hebei solar photovoltaic power generation station, which will serve as a base targeting on the national market.

In the long-run, the Group will focus its efforts on the development and enhancement of existing renewable energy resources while maintaining the existing operations. Paralleled to the expansion of wind farm's operational scale and the enhancement of efficiency, the Group will integrate the advantages of all cooperating parties and its own in order to explore more development opportunities and further consolidate the Group's position in the industry of renewable energy. During the course of business integration and resources integration, possible synergistic opportunities among different business segments will be explored for their expansions and growth in revenues and profits. The Group is committed to becoming a new energy supplier and integrated service provider with relatively strong competitiveness, establishing a stable and comprehensive foundation for the long term growth of the Group, creating more value for the society, and seeking higher returns for the Company's shareholders and investors.

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

For the year ended 31 December 2015, the Company has adopted and complied with the code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "Code") in Appendix 14 to the Listing Rules, except for the deviation from Code Provisions A.6.7 as described below:

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Qu Weidong (an independent non-executive Director) and Ms. Hu Xiaolin (an independent non-executive Director) did not attend the general meeting held in the year ended 31 December 2015 because they were out of town for other businesses.

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") set out 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 2015.

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 ended 31 December 2015.

Audit Committee

The audit committee of the Company comprises 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 2015 and this announcement has 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 this preliminary announcement of the Group's results for the year ended 31 December 2015 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 2015. 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

IMPORTANT EVENTS OCCURRED SINCE THE END OF THE REPORTING PERIOD

a) On 28 January 2016, the Company announced that it proposed to raise between approximately HKD224.9 million and approximately HKD243.6 million, before expenses, by issuing not less than 299,856,800 offer shares and not more than 324,840,800 offer shares to the qualifying shareholders of the Company at a subscription price of HKD0.75 per offer share under an open offer on the basis of one offer share for every five existing shares of the Company held on 16 March 2016.

   Details of the proposed open offer are set out in the announcements of the Company dated 28 January 2016 and 9 March 2016.

b) On 25 February 2016, in an extraordinary general meeting, the shareholders of the Company approved the following:

   (i) to grant the general mandate granted to the directors of the Company to allot, issue and deal with additional shares in the share capital of the Company, representing up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue; and

   (ii) the authorised share capital of the Company to be increased from HKD20,000,000 divided into 2,000,000,000 shares to HKD100,000,000 divided into 10,000,000,000 shares by the creation of an additional 8,000,000,000 shares.

c) On 23 November 2015, Zhuhai Dong Fang Renewable Energy Limited, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire 100% equity interest in Beijing Yin Feng Hui Li Investment Limited ("Beijing Yin Feng"), for a total consideration of RMB10,000,000. Beijing Yin Feng is an investment holding company with a registered capital of RMB10,000,000 and established in PRC. The acquisition was completed on 18 March 2016.

PUBLICATION OF 2015 ANNUAL REPORT

The 2015 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 in due course.

By Order of the Board
China Ruifeng Renewable Energy Holdings Limited
Zhang Zhixiang
Executive Director and Chief Executive Officer

Hong Kong, 29 March 2016

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