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China Power New Energy Development Company Limited

中國電力新能源發展有限公司*

Incorporated in Bermuda with limited liability

*(formerly known as Oriental Investment Corporation Limited *)*

Stock Code : 735

Anuual Report 2007

* for identification purpose only

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Li Xiaolin *(Chairman)*
Mr. Lai Leong *(Vice-chairman & Chief Executive Officer)*
Mr. Zhao Xinyan
Mr. Wang Hao
Mr. Clive William Oxley *OBE, ED*

Independent Non-Executive Directors

Dr. Chow King Wai
Mr. Chu Kar Wing
Mr. Wong Kwok Tai

AUDIT COMMITTEE

Dr. Chow King Wai
Mr. Chu Kar Wing
Mr. Wong Kwok Tai

REMUNERATION COMMITTEE

Dr. Chow King Wai
Mr. Chu Kar Wing
Mr. Wong Kwok Tai

COMPANY SECRETARY

Mr. Chiang Chi Kin, Stephen

QUALIFIED ACCOUNTANT

Mr. Ho Yau Hong, Alfred

AUDITORS

CCIF CPA Limited
Certified Public Accountants
20th Floor
Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRARS

The Bank of Bermuda Limited
Bank of Bermuda Buildings
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG SHARE REGISTRARS

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKER

The Standard Chartered Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 904-5
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

STOCK CODE

0735

CHAIRMAN'S STATEMENT

To our shareholders

On behalf of the Board of Directors (the "Board") of the China Power New Energy Development Company Limited (the "Company"), we are pleased to present the annual results of the Company and its subsidiaries (the "Group") for the financial year ended 30 April 2007.

Following its revival of interest in environment-related projects, the Group completed the acquisition in November 2006 from China Power International New Energy Development Limited (中電國際新能源發展有限公司) ("China Power") of two companies, one of which is principally engaged in the operation of a combined heat-and-power plant, whilst the other company will establish a combined heat-and-power plant using mainly biomass as fuel. As consideration for the said acquisitions, 325 million shares of the Company were issued to China Power, which has since become a substantial shareholder of the Company.

Subsequent to the close of the fiscal year ended 30 April 2007, Ms. Li Xiaolin and Mr. Zhao Xinyan were appointed to the Board, the former becoming Board Chairman on 4 May 2007.

In order to reflect more accurately the Group's existing business operations and its future direction, the Board, with the subsequent approval of shareholders, decided to change the name of the Company from Oriental Investment Corporation Limited (東成控股有限公司) to China Power New Energy Development Company Limited (中國電力新能源發展有限公司). Subsequently, the Group has entered into a number of other agreements to acquire interests in new energy power generation projects, including the use of liquid natural gas and waste incineration, and is looking at possible acquisitions of wind power and hydro-electric generation projects.

Completion of these acquisitions, which are in line with the Group's business plan, will give the Group an opportunity to invest in projects with different environmentally friendly technologies for power generation and which will provide gateways for the Group to further develop its interest and expertise in such projects.

In the years ahead the Company will gradually move away from its interest in its existing businesses. It intends to focus most, if not all, of its attention on new energy power generation, and will continue to explore and evaluate new businesses and investment opportunities which could be of good potential and/or long term benefit to the Group to that end.

It has been the practice and remains the intention of the Group to allot and issue new shares and/or convertible debt securities of the Company which may be used to satisfy part or all of the consideration for potential acquisitions, should they materialise. From time to time, the Company may consider raising further funds by means of rights issues and/or open offers and/or otherwise as may be considered to be effective and appropriate. In this regard, the Company has recently entered into two conditional subscription agreements which envisage the issue of 1,300 million new Company shares for an estimated consideration in excess of HK$1 billion.

The Board is of the view that the Company's investments in new energy projects will prove to be rewarding for the Company and its shareholders in the years ahead.

We should like to thank our shareholders, business partners and associates, bankers and auditors for their continued support, guidance and encouragement during the year. We should also like to thank the Group's management and staff for their dedication and commitment throughout the year.

Lai Leong,
Chairman (up to 3 May 2007)

Li Xiaolin,
Chairman (from 4 May 2007)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of HK$121.5 million (2006: HK$37.2 million). The loss attributable to shareholders amounted to HK$38.2 million (2006: profit of HK$24.9 million), and the basic loss per share was 1.4 cents (2006: loss per share of 1.10 cents). At 30 April 2007, the Group's net cash position amounted to HK$146.55 million (2006: HK$40.44 million) representing 45.6% (2006: 27.7%) of shareholders' equity of HK$321.63 million (2006: HK$146.24 million). Total borrowings were HK$685 million (2006: HK$100 million).

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

Revival of Interest in Environment-Related Projects

In 2006, the Group decided to revive its interest in environment-related projects and in furtherance thereof:

Jiangsu Province (江蘇省)

On 15 September 2006, China Power (New Energy) Holdings Limited ("CP New Energy Holdings"), a wholly-owned subsidiary of the Company entered into a written sale and purchase agreement with China Power International New energy Development Limited (中電國際新能源發展有限公司) ("China Power"), pursuant to which and subject to the terms and conditions as set forth therein, the Purchaser agreed to acquire and China Power agreed to sell at a total consideration of HK$78 million the following:

(a) 100% of the entire issued share capital of Tianwo Holdings Limited ("Tianwo Holdings"); and

(b) 100% of the entire issued share capital of Tianwo Development Limited ("Tianwo Development").

Completion of the two sales and purchases above referred to took place on or about 27 November 2006 and the total consideration thereof HK$78 million was satisfied in full by way of the delivery of 325,000,000 new shares of the Company, duly allotted and issued as fully paid-up, to China Power upon completion of the said two sales and purchases, which took place simultaneously.

Through Tianying Holdings Limited, a BVI company, China Power is wholly-owned by China Power International Holding Limited (中國電力國際有限公司) ("China Power Holding"). China Power Holding is 100% owned by China Power Investment Corporation* (中國電力投資集團公司), a state-owned company established from part of the constituent businesses of the former State Power Corporation of China and one of the five largest national power generating companies.

A combined heat-and-power plant

The sole asset of Tianwo Holdings is its 60% interest in Zhongdian Hongze Thermal Power Company Limited* (中電(洪澤)熱電有限公司) ("Zhongdian Hongze Thermal"), a sino-foreign equity joint-venture enterprise (中外合資企業) incorporated in the PRC on 30 December 1995 with limited liability. The remaining 40% equity interest in Zhongdian Hongze Thermal is held by Hongze County Su Yuen Dian Li Shi Yie Kai Fa Company Limited* (洪澤縣蘇源電力實業開發有限公司), Hongze County Guo Yau Zi Can Jin Yin Company Limited* (洪澤縣國有資產經營有限公司) and Huai An Su Yuen Ji Tuan Company Limited* (淮安蘇源集團有限公司), all of which and their respective ultimate beneficial shareholders are Independent Third Parties, as to 25%, 10% and 5% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Zhongdian Hongze Thermal owns, operates and manages a combined heat-and-power plant using fossil elements or burn coal that is located in Gao Liang Jie Zheng (高良澗鎮), Hongze County, Jiangsu, PRC, occupying an area of 53,000 square meters and which has five coal-fuelled boilers and three steam turbine generating units generating up to 30 MW of electricity. The electricity produced by Zhongdian Hongze Thermal is transmitted to the power grid of Jiangsu Province, PRC for consumption by factories and domestic homes in Jiangsu Province, PRC. By virtue of and pursuant to a contract in writing between Jiangsu Province Electric Company* (江蘇省電力公司) of the one part and Zhongdian Hongze Thermal of the other part, which contract was renewed and signed by the parties thereto on 18 November 2004, Zhongdian Hongze Thermal has been supplying and selling to Jiangsu Province Electric Company* (江蘇省電力公司) all such electricity it has been able to generate at the official rate applicable in Jiangsu Province in respect of electricity generated by coal-fuelled power plants. The contract is effective for the period from 1 October 2004 to 30 September 2009.

Zhongdian Hongze Thermal is currently also supplying heat in the form of steam to more than 40 customers most of which are industrial users. The heat load is relatively stable. It is presently supplying heat energy to its existing customers by means of heavily insulated pipes.

Thermal power plants (including those that use fossil elements or burn coal, petroleum, or natural gas) do not convert all their available energy into electricity, with the excess being wasted as excess heat. By capturing the excess heat, combined heat-and-power plants allow a more complete use of energy than conventional power plants. This means that less fuel needs to be consumed to produce the same amount of useful energy. According to a press release dated 18 January 2006 issued by Friends of the Earth of the United Kingdom, "combined heat and power plants are around 40 per cent more efficient than conventional power plants which waste most of the heat they produce in the electricity generating process".

A combined heat-and-power plant using biomass as fuel

The press release dated 18 January 2006 issued by Friends of the Earth of the United Kingdom quoted above goes on to state, inter alia, that, "Growing crops for fuel results in no significant net increase in carbon dioxide as long as the harvested crops are replaced". As quoted by the Royal Commission on Environmental Pollution in its news release of 11 May 2004, "The use of biomass energy has benefits not only for climate change but also offers new opportunities for UK agriculture and forestry and increases the security of the UK's energy supply".

The sole asset of Tianwo Development is its 100% equity interest in Zhongdian Hongze Reproductive Substance Thermal Power Company Limited ("RSTP"). RSTP is a company incorporated in Jiangsu, PRC created mainly for the purposes of constructing and/or causing to be constructed, establishing, setting up, operating and managing a combined heat-and-power plant using mainly biomass, situated immediately adjacent to the Zhongdian Hongze Thermal in Hongze County, Jiangsu, PRC and occupying an area of approximately 7,500 square meters. It will have one steam turbine generating unit generating up to 15 MW of electricity. Vis-àj-vis the construction of the biomass fueled combined heat-and-power plant, it has been substantially completed with full scale operation thereof expected to commence by end September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai City (上海市)

A sea wind power plant

On 7 February 2007, CP New Energy Holdings entered into a share sale agreement with China Power whereby it agreed to acquire from China Power 44% of the issued share capital of Tianhan Development Limited (天瀚發展有限公司*) ("Tianhan Development") for a consideration of HK$102.7 million to be satisfied in full by delivery of 395,000,000 new shares of the Company to be allotted and issued as fully paid-up by the Company to China Power upon completion of the sale and purchase in question.

The principal asset of Tianhan Development is its 100% shareholding in 中電國際新能源(上海)控股有限公司 (China Power International New Energy (Shanghai) Holding Company Limited*) ("Shanghai Co.") which has a registered paid-up capital of US$30 million (equivalent to approximately HK$233 million).

In January 2007, Shanghai Co. agreed to invest and did invest in 24% of the registered capital of Shanghai Dong Hai Wind Power Electricity Generating Company Limited* (上海東海風力發電有限公司) ("Shanghai Dong Hai"). Shanghai Dong Hai has been awarded the right to build, operate and manage a 100 MW sea wind electricity generating plant located near Dong Hai Bridge, Shanghai, PRC ("Sea Wind Power Plant").

The Sea Wind Power Plant is expected to cost approximately RMB2.3 billion, which will be financed by (a) a part or all of the capital funds, the total of which will amount to RMB460 million, of Shanghai Dong Hai; and (b) banking facilities as to the remaining balance. The construction of the Sea Wind Power Plant is expected to commence shortly and to be completed by the end of 2008. Save for the investment in Shanghai Dong Hai of approximately RMB55 million as mentioned above, cash of approximately RMB173 million and other receivables of approximately RMB4 million, the Tianhan Development and Shanghai Co. did not have any other significant assets, liabilities and/or operations as at 31 January 2007.

The total registered capital of Shanghai Dong Hai is RMB460 million and the share of Shanghai Co.'s interest is approximately RMB110 million. Cash of approximately RMB55 million was paid to Shanghai Dong Hai as a first installment for its registered capital in January 2007. The remaining 76% of the registered share capital of Shanghai Dong Hai is owned by 中國大唐集團公司(China Da Tong Corporation*), 上海綠色環保能源有限公司(Shanghai Green Environmental Energy Company Limited*), and 中廣核能源開發有限責任公司(China Guangdong Nuclear Energy Development Company Limited*) as to 28%, 24% and 24% respectively.

At a special general meeting of the shareholders of the Company held on 2 April 2007, shareholders present and voting at that meeting duly approved completion of the said acquisition. On 2 May 2007, the acquisition of the 44% of the issued share capital of Tianhan Development was therefore completed and immediately prior thereto the Company duly delivered to China Power 395,000,000 new shares of the Company, duly allotted and issued as paid-up, whereby China Power became interested in 720,000,000 shares of the Company representing 19.91% or thereabouts of the total issued share capital of the Company as enlarged by the allotment and issuance of new shares as aforesaid.

MANAGEMENT DISCUSSION AND ANALYSIS

At a board meeting of the directors of the Company held on 2 May 2007, Ms. Li Xiaolin and Mr. Zhao Xinyan, both being representatives of China Power, were duly appointed as new executive directors of the Company with immediate effect. Following her appointment as aforesaid, Ms. Li Xiaolin was elected by members of the board of the Company to be the Chairperson of the board of directors of the Company. Both Ms. Li Xiaolin and Mr. Zhao Xinyan are very highly experienced in the power generating industry in the PRC and by reason of their respective appointments as additional executive directors of the Company, the Company will be able to benefit from that wealth of experience.

On 2 August 2007, CP New Energy Holdings entered into a framework agreement with China Power in relation to the proposed acquisition by the Group of the remaining 56% in the issued share capital of Tianhan for a consideration of HK$150,000,000. Subject to entering into a formal agreement and fulfillment of the conditions contained therein, the acquisition of the remaining interest in Tianhan is expected to be completed within the 2007/2008 financial year whereupon Tianhan will become a wholly-owned subsidiary company of the Company.

DONGGUAN CITY, GUANGDONG PROVINCE (廣東省東莞市)

By an agreement in writing dated 9 May 2007 and made between Top Wave Holdings Limited ("Top Wave"), an indirect wholly-owned subsidiary of the Company, as purchaser of the one part and Top Dragon Asia Limited ("Top Dragon") (being the legal and beneficial owner in respect of the entire issued share capital and shareholder's loans, if any, of Skycosmos Investment Limited ("Skycosmos"), which through its wholly-owned subsidiary company, Smartjoy Limited ("Smartjoy"), indirectly holds 40% of the entire issued share capital of Dongguan Dong Cheng Dong Xin Heat and Power Company Limited ("DDCDX Heat and Power")), as vendor of the other part, Top Wave agreed to purchase from Top Dragon and Top Dragon agreed to sell to Top Wave the entire issued share capital of Skycomos and shareholders's loan thereof, if any, for a consideration of HK$316 million.

On or about 1 August 2007, Top Wave duly completed or caused to be completed the sale and purchase above referred to with Top Dragon after having duly obtained approval from members of the Company present and voting at a Special General Meeting of the Company duly called and held on 10 July 2007.

A combined heat-and-power plant using natural gas as fuel

DDCDX Heat and Power is principally engaged in the operation of a natural gas and oil power generating plant in Dongguan, PRC. This plant started operation in or around February 2006, utilizing natural gas and/or oil as fuel to generate electricity, and occupies a site area of approximately 111,900 square meters. Currently, this power plant has two power generating units with capacity to generate approximately 360 MW per hour. The electricity generated by this power plant is transmitted to the grid of Dongguan City Electricity Supply Bureau for supplying electricity to industries in the vicinity.

Around September 2005, DDCDX Heat and Power commenced its trial-run operations and in February 2006, it obtained formal approval from the National Development and Reform Commission of the PRC and generated a total turnover of approximately RMB523 million for the year ended 31 December 2006. DDCDX Heat and Power has been achieving an average unaudited net profit after tax of approximately RMB8 million (prepared under PRC GAAP) per month for the period from 1 October 2006 to 31 March 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

A waste incineration power plant

By an agreement in writing dated 9 May 2007 made between Sky Excel Group Limited ("Sky Excel"), an indirect wholly-owned subsidiary of the Company, as purchaser of the one part and Newlead Limited ("Newlead") as vendor of the other part, Sky Excel agreed to purchase from Newlead and Newlead (being the legal and beneficial owner of the entire issued share capital and shareholder's loans, if any, of Worldtron Limited, which through its wholly-owned subsidiary, Daygain Enterprises Limited, indirectly holds 40 % of the entire issued share capital of Dongguan City Kewei Environmental power Company Limited* ("Dongguan Kewei")), at a consideration of HK$122 million.

On or about 1 August 2007, Sky Excel duly completed or caused to be completed the sale and purchase above referred to with Newlead after having duly obtained approval from members of the Company present and voting at a Special General Meeting of the Company duly called and held on 10 July 2007.

Dongguan Kewi is principally engaged in the operation of a waste incineration power plant in Dongguan, PRC. This plant started operation in or around July 2005, utilizing municipal waste and/or garbage combined with coal to generate electricity, and occupies a site area of over 120,000 square meters. Currently, this power plant has the capacity to process approximately 400,000 tons of domestic garbage per year generating approximately 700MW of electricity for sale per year. The electricity generated by this power plant is also transmitted to the grid of Dongguan City Electricity Supply Bureau for supplying electricity to industries in the vicinity.

Fujian Province (福建省)

An hydroelectric power generating plant

On 2 August 2007, CP New Energy Holdings entered into a framework agreement with China Power in relation to the proposed acquisition by another wholly-owned subsidiary company of the Company of 100% of the entire issued share capital and shareholder's loan, if any, of CPI (Fujian) Power Development Limited ("CPI (Fujian)"), which on completion of the sale and purchase in question shall be the sole and legal and beneficial owner and lawful operator of Fujian Shaxikou Hydro Power Plant ("Fujian Shaxikou") and/or the entire issued share capital of Tianyuan Development Limited ("Tianyuan"), which on completion of the sale and purchase in question shall be the sole and legal and beneficial owner of the entire issued share capital of CPI (Fujian), the sole and legal and beneficial owner and lawful operator of Fujian Shaxikou ("100% of the entire issued share capital of Tianyuan") at a consideration of HK$1,230 million. Subject to entering into a formal agreement by a wholly-owned subsidiary company of the Company with the vendor of 100% of the entire issued share capital of Tianyuan within 3 months of 2 August 2007 or the agreed extension thereof, if applicable, and fulfillment of the conditions contained therein, on due completion of the said formal agreement, the wholly-owned subsidiary company of the Company in question shall become the legal and beneficial owner and lawful operator of Fujian Shaxikou.

Fujian Shaxikou, an hydroelectric power generating plant, is one of the major national "Seven Five" construction development projects. The construction of the plant officially commenced in April 1987 and was completed by around December 1994. Located in the upper limb of the Men Jiang River in the Nan Ping District of Fujian Province, PRC, Fujian Shaxikou is principally involved in the hydroelectric power generating business. It has four power generating units, each with a capacity of 75 MW, generating up to a total of 300MW of electricity.

MANAGEMENT DISCUSSION AND ANALYSIS

Gansu Province (甘肅省)

A wind power electricity generating power plant

By another Framework Agreement dated 2 August 2007 with China Power, China Power has agreed to cause to sell to a wholly-owned subsidiary company of the Company effectively 90% of the entire issued share capital and shareholder's loan, if any, of Gansu China Power Jiuquan wind Electric Power Company Limited* (甘肅中電酒泉風力發電有限公司) ("Gansu China Power") at a consideration of HK$250 million. Subject to entering into a formal agreement by a wholly-owned subsidiary company of the Company with the vendor of 90% of the entire issued share capital and shareholder's loan, if any, of Gansu China Power within 3 months of 2 August 2007 or the agreed extension thereof, if applicable, and fulfillment of the conditions contained therein, on due completion of the said formal agreement, the wholly-owned subsidiary company of the Company in question shall become the legal and beneficial owner 90% of the entire issued share capital of Gansu China Power and shareholder's loan, if any.

On 21 June 2006, the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) granted approval to China Power International Limited, the immediate holding company of China Power and Gansu Hui Neng New Energy Technical Development Company Limited* (甘肅匯能新能源技術發展有限公司) to jointly establish a project company which shall have a special franchise to build, own, operate and run a wind power generating business operation with a capacity of up to 100MW in Guazhou County, Jiuquan City of Gansu Province, the PRC (the "Wind Power Project"). Such a special franchise right is for a term of 25 years. The electric power generated by the wind Power Project shall be transmitted to a central grid of the local government at a special tariff rate of RMB0.4616 kilowatt/hour for the initial 30,000 hours after the plant has been built to its permitted full capacity i.e. 100 MW and thereafter at a tariff rate not less than the average tariff rate then prevailing at the time in Gansu Province, the PRC.

Based on the information provided by China Power International, the construction of the Wind Power Project is close to completion and it should be able to commence operation before the end of 2007 whereupon all necessary consents and approvals shall be able to be obtained shortly thereafter.

EXISTING BUSINESSES

The Bakery and Food business continued to generate a small profit, as did the Consultancy business. However, the Group has received notice that the contracts entered into between the Group and two hotels will be terminated during the first quarter of the 2007/2008 fiscal year.

Although the Group will retain its interest in its existing principal businesses, it will however focus more of its attention on the power generating business in the coming years.

Taking into account the continued escalation in the market prices of properties in major cities of China, the continued increases in interest rates in the PRC and the increased pressure by the PRC government in controlling further increases in the price of properties, the directors of the Company are of the view that it is the appropriate time to dispose of its PRC property interests in order to realize any gains that can be derived therefrom. Nevertheless, the Group will continue to identify other suitable property investments and/or projects in the PRC and consider acquiring these investments and/or projects if the Group considers that it is the appropriate time to do so and these are of appropriate value and that such acquisition(s) would be in the interests of the Company and its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

As part of its business plan, the Group will continue to explore and evaluate new businesses and investment opportunities which could be of good potential and/or long-term benefit to the Group. At present, the Group is evaluating and considering other power plants and projects in the environmental domain for future possible acquisitions.

FUND RAISING

It has been the intention of the Group to allot and issue new Shares and/or convertible debt securities of the Company which may be used to satisfy part or all of the consideration for the such potential acquisitions, should they materialize.

In this regard the Company on two occasions has raised funds by Placing and Subscription. On 27 November 2006, the Company raised HK$105 million of which about HK$84 million was to be used to finance acquisitions either all or in part and the balance of about HK$21 million for working capital of the Group.

The Company, on 2 May 2007 also raised about HK$567 million by means of a Placing and Subscription of which HK$500 million was to be used for the Dongguan acquisitions referred to above and about HK$67 million as general working capital of the Group.

As and when considered appropriate, the Company may consider raising further funds by means of rights issues and/or open offers and/or otherwise as may be considered to be effective and appropriate. In this relation, the Company has, on 15 August 2007, entered into two conditional subscription agreements with two subscribers for the proposed issuance of an aggregate of 1,300,000,000 new shares of the Company. The net proceeds from the proposed subscription is estimated to be approximately HK$1,053 million. Completion of each of the abovementioned subscription agreements is subject to a number of conditions, including the passing of the relevant ordinary resolutions by shareholders of the Company at a special general meeting to be convened.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2007, the Group had borrowings amounting to HK$685 million. The Group believes that its liquid asset value and future revenue will be sufficient to fund existing working capital requirements. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 213% as at 30 April 2007 (2006: 68%).

CAPITAL STRUCTURE

As at 30 April 2007, the authorised share capital of the Company was HK$600 million divided into 6,000,000,000 shares of HK$0.10 each, of which 3,221,023,400 shares were issued and fully paid or credited as fully paid. At a special general meeting of the Company held on 1 June 2007, an ordinary resolution was passed to increase the authorised share capital of the Company to HK$1,000 million divided into 10,000,000,000 shares of HK$0.10 each by the creation of an additional 4,000,000,000 shares of the Company.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 April 2007, the Group had 200 employees in Hong Kong and the PRC (2006: 25). Remuneration is determined by reference to market rates and the performance, qualifications and experience of individual employees. The Group also provides employees with year-end double pay, a contributory provident fund, performance-related bonuses and medical insurance.

CHARGE ON THE GROUP'S ASSETS

As at 30 April 2007 the investment properties of HK$545,849,000 (2006: HK$115,000,000) and property under development of HK$1,341,005,000 (2006: Nil) of the Group were pledged to banks for banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liability as at the balance sheet date.

FOREIGN EXCHANGE AND CURRENCY RISKS

Significant foreign currency exposure was not expected by the Group since most of the revenue generated from the sales and the payment for purchases of materials, equipment and salaries are made in Hong Kong dollars or Renminbi. No financial instruments for hedging purposes are used by the Group.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements of the Company and of the Group for the year ended 30 April 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is property investment and development, bakery and food, general trading, consultancy and the power generating business. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical area of operations for the year ended 30 April 2007 is set out in note 6 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 30 April 2007 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 33 to 99.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years as at 30 April 2003, 2004, 2005, 2006 and 2007, prepared on the basis set out therein, is set out on page 100 of this annual report. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Company and of the Group during the year are set out in notes 13, 14, 15 and 16 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year, together with the reasons therefor, and details of the share option scheme of the Company are set out in notes 32 and 33 to the financial statements respectively and disclosed under the heading "Equity settled share-based transactions" below.

EQUITY

The Company's issued and fully paid share capital as at 30 April 2007 amounted to HK$322,102,340 divided into 3,221,023,400 ordinary shares of HK$0.10 each.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 30 April 2007, the Company had no reserves available for distribution.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 25 September 2007 to Friday, 28 September 2007, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the Company's annual general meeting to be held on Friday, 28 September 2007, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms are lodged with the Share Registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 24 September 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 69.7% of the total sales for the year and sales to the largest customer included therein amounted to approximately 25.8% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 51.9% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 44.5% of the total purchases.

As far as the directors are aware, none of the directors of the Company or their associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), nor any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Ms. Li Xiaolin *(Chairman)*	(appointed on 2 May 2007)
Mr. Lai Leong *(Vice Chairman and Chief Executive Officer)*	
Mr. Zhao Xinyan	(appointed on 2 May 2007)
Mr. Wang Hao	
Mr. Clive William Oxley *OBE, ED*	

Non-Executive Directors:

Mr. Li Siu Lok, Albert	(resigned on 15 July 2006)
Ms. Wan Choi Ha, Noven	(resigned on 1 July 2006)

Independent Non-Executive Directors:

Dr. Chow King Wai
Mr. Chu Kar Wing
Mr. Wong Kwok Tai

Pursuant to Clause 87 of the bye-laws of the Company, Mr. Lai Leong, Mr. Clive William Oxley and Mr. Wong Kwok Tai shall retire from office by rotation and, being eligible, they will all offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Executive Directors

Ms. Li Xiaolin, aged 46, joined the Group in May 2007. She is an Executive Director and the Chairman of the Board and of the Executive Committee of the Company. Other than the above-mentioned, she does not hold any other positions in the Company or in any member of the Group. Ms. Li is a senior engineer. She graduated from Tsinghua University with a Master of Engineering degree in power systems and automation. She was also a visiting scholar at the Sloan Business School of Massachusetts Institute of Technology in the United States. She has been the chairman of the board of China Power International New Energy Development Limited (a substantial shareholder of the Company) since August 2006. Ms. Li also acts as the vice-chairman of the board and chief executive officer of China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380); the vice-chairman, executive director and president of China Power International Holding Limited; and a director of Companhia de Electricidade de Macau. She has served in other senior positions including head of International Economic and Trade Division of the Ministry of Electric Power Industry and associate head of the International Economic and Trade Division of the Ministry of Energy.

REPORT OF THE DIRECTORS

Mr. Lai Leong, aged 43, joined the Group in February 2002. He is an Executive Director, the Vice-Chairman and the Chief Executive Officer and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Other than the above-mentioned, Mr. Lai does not hold any other positions in the Company or in any member of the Group. Mr. Lai received a MBA degree from Maastricht School of Management in 2005. Since 1991, Mr. Lai has worked for several property and trading companies in the People's Republic of China ("PRC") and has over 17 years of experience in property investment, development and management and in corporate management for companies in Hong Kong and in the PRC. In addition, Mr. Lai is a director and a controlling shareholder of Wealth Success Limited, a substantial shareholder of the Company.

Mr. Zhao Xinyan, aged 45, joined the Group in May 2007. He is an Executive Director and a member of the Executive Committee of the Company. Other than the above-mentioned, he does not hold any other positions in the Company or in any member of the Group. Mr. Zhao is a senior engineer. He graduated from Chongqing University with a Bachelor of Engineering degree in materials engineering. He has been a director of China Power International New Energy Development Limited (a substantial shareholder of the Company) since August 2006. He acts as an assistant to the president of China Power International Holding Limited, and is also a director of the board of various power plants. He has served as a manager in various departments of China Power International Holding Limited.

Mr. Wang Hao, aged 43, joined the Group in February 2002. He is an Executive Director and a member of the Executive Committee of the Company. He is also a director of a subsidiary of the Company. Other than the above-mentioned, Mr. Wang does not hold any other positions in the Company or in any member of the Group. Mr. Wang is engaged as an investment consultant of several listed companies in the People's Republic of China ("PRC") and has over 14 years of experience in investment management of companies in the PRC.

Mr. Clive William Oxley, OBE, ED, aged 71, joined the Group in May 2005. He is an Executive Director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Other than the above-mentioned, Mr. Oxley does not hold any other positions in the Company or in any member of the Group. Mr. Oxley holds a Master's degree from the University of Cambridge and had served as a senior administrative officer with the Hong Kong Government for 25 years. Since 1995, he has been acting as a management consultant and is currently the chairman of The Hong Kong Society for the Blind and the chairman of the Asian Foundation for the Prevention of Blindness.

Independent Non-Executive Directors

Dr. Chow King Wai, aged 52, joined the Group in December 2002. He is an Independent Non-executive Director and a member of both the Audit Committee and Remuneration Committee of the Company. Other than the above-mentioned, Dr. Chow does not hold any other positions in the Company or in any member of the Group. Dr. Chow holds a doctorate conferred by the University of Texas. He has substantial experience in strategic development and management, and has published widely in the field of administrative science.

REPORT OF THE DIRECTORS

Mr. Chu Kar Wing, aged 50, joined the Group in December 2002. He is an Independent Non-executive Director and the Chairman of both the Audit Committee and Remuneration Committee of the Company. Other than the above-mentioned, Mr. Chu does not hold any other positions in the Company or in any member of the Group. Mr. Chu holds a bachelor degree in social science majoring in economics. He has extensive experience in the banking and finance sector. He is also an independent non-executive director of Emperor Entertainment Group Limited (stock code: 8078) and New Chinese Medicine Holdings Limited (stock code: 8085), both are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Mr. Wong Kwok Tai, aged 68, joined the Group in September 2004. He is an Independent Non-executive Director and a member of both the Audit Committee and Remuneration Committee of the Company. Other than the above-mentioned, Mr. Wong does not hold any other positions in the Company or in any member of the Group. Mr. Wong is a Certified Public Accountant and Practising Member. He has extensive experience in the audit and finance areas in different industries. Currently, he is the sole-proprietor of W. Wong & Co., CPA. He is also an independent non-executive director of CIL Holdings Limited (stock code: 479), New Century Group Hong Kong Limited (stock code: 234) and Xin Corporation Limited (stock code: 1141), all are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company has received from each of its independent non-executive directors an annual confirmation of their respective independence for the year ended 30 April 2007. The Company considers all independent non-executive directors to be sufficiently independent.

SENIOR MANAGEMENT

Mr. Chiang Chi Kin, Stephen, aged 38, joined the Company as the Deputy General Manager in October 2004. Mr. Chiang was appointed as the Company Secretary of the Company on 1 September 2005 and was appointed a director of Rich Crown International Industries Limited, a subsidiary of the Company on 24 May 2006. Mr. Chiang qualified as a solicitor of the High Court of Hong Kong in 1998 and has over 10 years of experience in corporate and commercial law. He has held management positions with companies listed on the Stock Exchange responsible primarily for legal and company secretarial matters since 2002.

Mr. Ho Yau Hong, Alfred, aged 49, is the Qualified Accountant of the Company. He is a Certified Public Accountant and a fellow of the Hong Kong Institute of Certified Public Accountants and has over 12 years of experience in finance and accounting management. Mr. Ho is in charge of the finance and accounting matters of the Company and joined the Company on 1 October 2004.

DIRECTORS' SERVICE CONTRACTS

As at 30 April 2007, none of the Directors had any existing or proposed service contracts with the Company.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY FOR DIRECTORS

The emoluments payable to directors of the Company are determined in accordance with their duties and responsibilities within the Company and the Company's performance, by a remuneration committee of the board of directors according to its terms of reference.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which any director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group transacted during the period from 1 May 2007 up to the date of this report are set out in note 38 to the financial statements.

DIRECTORS' INTERESTS IN SHARES

As at 30 April 2007, the interests of the directors of the Company in the shares of the Company as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

(i) Long Position in Shares

Ordinary shares of HK$0.1 each of the Company:

Director	Nature of interest	Number of shares interested or deemed to be interested	Percentage holdings of the Company's issued share capital as at 30 April 2007
Mr. Lai Leong	Corporate *(Note)*	1,093,026,000	33.93%

Note: These shares were held through Wealth Success Limited, a company beneficially owned by Mr. Zhu Yi Cai (a former executive director of the Company) and Mr. Lai Leong as to 52% and 48%, respectively.

REPORT OF THE DIRECTORS

(ii) Long Position in Underlying Shares – Share Options

Pursuant to the Company's share option scheme, the Company has granted to a director of the Company an option to subscribe for the Shares, details of which as at 30 April 2007 were as follows:

Director	Nature of interest	Number of underlying shares in respect of the share options granted	Approximate percentage of the underlying shares over the issued share capital of the Company
Mr. Wang Hao	Beneficial owner	30,000,000	0.93%

Details of the above share options have been disclosed in note 33 to the financial statements.

Save as disclosed above, as at 30 April 2007, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 33 to the financial statements and save as disclosed under the heading "Directors' interests in shares" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at 30 April 2007, to the best knowledge of the directors of the Company, none of the directors of the Company was considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 April 2007, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name	Nature of interest	Number of shares interested or deemed to be interested	Percentage holding
Wealth Success Limited	Beneficial owner	1,093,026,000 *(Note 1)*	33.93%
Zhu Yi Cai	Corporate interests	1,093,026,000 *(Note 1)*	33.93%
Lai Leong	Corporate interests	1,093,026,000 *(Note 1)*	33.93%
China Power International New Energy Development Limited	Beneficial owner	720,000,000 *(Note 2)*	22.35%
Tianying Holding Limited	Corporate interests	720,000,000 *(Note 2)*	22.35%
China Power International Holding Limited	Corporate interests	720,000,000 *(Note 2)*	22.35%
China Power Investment Group Limited	Corporate interests	720,000,000 *(Note 2)*	22.35%
中國國務院國有資產監督管理委員會	Corporate interests	720,000,000 *(Note 2)*	22.35%
Chu Jocelyn	Interests of children under 18 and/or spouse & corporate interests	307,800,000 *(Note 3)*	9.56%
Hung Kam Biu	Corporate interests	307,800,000 *(Note 4)*	9.56%
Trophy Asset Management Limited	Investment Manager	307,800,000	9.56%
Winnington Capital Limited	Investment Manager	307,500,000	9.55%
Trophy Fund	Beneficial owner	290,100,000	9.01%
Citigroup Inc.	Person having a security interest in shares	251,520,000	7.81%

REPORT OF THE DIRECTORS

Notes:

1. These shares were held by Wealth Success Limited which was beneficially owned by Zhu Yi Cai and Lai Leong as to 52% and 48% respectively. Such interest was also disclosed as the interest of Lai Leong in the above section headed "Directors' interests in shares".

2. These shares were held by China Power International New Energy Development Limited, which was 100% controlled by Tianying Holding Limited, which in turn was 100% controlled by China Power International Holding Limited. China Power International Holding Limited was 100% controlled by China Power Investment Group Limited, which in turn was 100% controlled by 中國國務院國有資產監督管理委員會.

3. These interests were the interests reported by Hung Kam Biu.

4. These interests were the interests reported by Trophy Asset Management Limited and Winnington Capital Limited.

Save as disclosed above, as at 30 April 2007, no person, other than the directors of the Company whose interests were set out in the section headed "Directors' interests in shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 21 to 30 in this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 30 April 2007.

AUDITORS

CCIF CPA Limited will retire at the forthcoming annual general meeting of the Company and a resolution will be proposed to the meeting to re-appoint CCIF CPA Limited as auditors of the Company.

On behalf of the Board
Li Xiaolin
Chairman

Hong Kong
29 August 2007

CORPORATE GOVERNANCE REPORT

The board of directors of the Company ("Board") is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 30 April 2007.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance with emphasis on transparency, independence and accountability with a view to safeguarding the interests of shareholders and enhancing corporate value.

The Code on Corporate Governance Practices (the "CG Code") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") sets out the principles of good corporate governance and two levels of corporate governance practices, being (i) the code provisions which listed issuers are expected to comply with or to give considered reasons for any deviation; and (ii) the recommended best practices, for guidance only, which listed issuers are encouraged to comply with.

The Company has complied with the code provisions set out in the CG Code save for the following deviations:

- Code Provision A.2.1 which requires that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and that the division of their responsibilities should be clearly established and set out in writing;

- Code Provision A.4.1 which requires that non-executive directors should be appointed for a specific term, subject to re-election;

- Code Provision A.4.2 which requires that every director should be subject to retirement by rotation at least once every three years; and

- Code Provision E.1.2 which stipulates that the Chairman of the Board should attend the annual general meeting.

The details of above deviations will be explained below.

The Company reviews its corporate governance practices from time to time to ensure its continuous compliance with the CG Code. The key corporate governance principles and practices of the Company are summarised as follows:

A. THE BOARD

(1) Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors take decisions objectively in the interests of the Company.

CORPORATE GOVERNANCE REPORT

The day-to-day management, administration and operation of the Company are delegated to the Executive Committee, the Chief Executive Officer and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

In addition, the Board has also established Board committees and has delegated to these Board committees various responsibilities set out in their respective terms of reference.

Every director carries out his/her duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

(2) Board Composition

The Board comprises the following 8 members:

Executive directors:
Ms. Li Xiaolin, *Chairman of the Board and member of the Executive Committee*
Mr. Lai Leong, *Vice-chairman of the Board, Chief Executive Officer and member of the Executive Committee*
Mr. Zhao Xinyan, *member of the Executive Committee*
Mr. Wang Hao, *member of the Executive Committee*
Mr. Clive William Oxley OBE, ED, *member of the Executive Committee*

Independent non-executive directors:
Dr. Chow King Wai, *member of the Audit Committee and the Remuneration Committee*
Mr. Chu Kar Wing, *chairman of the Audit Committee and the Remuneration Committee*
Mr. Wong Kwok Tai, *member of the Audit Committee and the Remuneration Committee*

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the members of the Board is related to one another.

During the year ended 30 April 2007, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director, being Mr. Wong Kwok Tai, possessing appropriate professional qualifications, and accounting and related financial management expertise.

The Company has received written annual confirmation from the three independent non-executive directors respectively for confirming their independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The non-executive directors bring independent judgement, business and financial expertise and experience to the Board. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest and serving on Board committees, the independent non-executive directors make various contributions to the Company.

(3) Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of the Chairman of the Board and Chief Executive Officer of a listed issuer should be separate and should not be performed by the same individual and that the division of their responsibilities should be clearly established and set out in writing. During the financial year ended 30 April 2007 and up to 3 May 2007, Mr. Lai Leong has taken up both the roles of the Chairman and Chief Executive Officer of the Company. Starting from 4 May 2007, the Company has complied with such code provision of having two individuals to take up the two roles respectively since on that date, the Company appointed Ms. Li Xiaolin as the Chairman of the Board and Mr. Lai Leong as the Chief Executive Officer of the Company. Currently, their respective responsibilities are being reviewed and discussed by the Board and will be established and set out in writing in due course.

Ms. Li Xiaolin provides leadership and is responsible for the effective functioning of the Board. Mr. Lai Leong is in charge of the Company's day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

(4) Appointment and Re-Election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Although the independent non-executive directors of the Company have not been appointed for a specific term, they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Bye-laws.

Code provision A.4.2 of the CG Code stipulates that every director of a listed issuer, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company's Bye-laws deviate from this code provision as the Bye-laws provide that the Chairman of the Board is not required to retire from office by rotation. The Board considers that such Bye-laws provision is appropriate to the Company since the continuity of leadership by the Chairman is important for the stability and growth of the Company.

CORPORATE GOVERNANCE REPORT

Pursuant to the aforesaid, Mr. Lai Leong, Mr. Clive William Oxley and Mr. Wong Kwok Tai shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The Board recommended the re-appointment of these three retiring directors standing for re-election at the said meeting. The Company's circular, sent together with this annual report, contains detailed information of such directors standing for re-election.

Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment, re-appointment and succession planning of directors and assessing the independence of independent non-executive directors.

The Company has adopted Directors' Nomination Procedures as a written guideline in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

During the year under review, the Board met once, with the presence of Mr. Lai Leong, Mr. Wang Hao, Mr. Clive William Oxley, Dr. Chow King Wai, Mr. Chu Kar Wing and Mr. Wong Kwok Tai, for (i) reviewing the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Company; (ii) recommending the re-appointment of those directors standing for re-election at the annual general meeting of the Company; and (iii) assessment of the independence of the independent non-executive directors of the Company.

(5) Induction and Continuing Development for Directors

Each newly appointed director, including Ms. Li Xiaolin and Mr. Zhao Xinyan who were appointed on 2 May 2007, receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Continuing briefings and professional development to directors will be arranged whenever necessary.

(6) Board Meetings

(I) Board Practices and Conduct of Meetings

Notices of regular Board meetings are served on all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to senior management whenever necessary.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Chief Executive Officer and Company Secretary normally attend regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

The Company's Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

(II) Directors' Attendance Records

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

CORPORATE GOVERNANCE REPORT

During the year ended 30 April 2007, 18 Board meetings were held, 2 Audit Committee meetings were held and 2 Remuneration Committee meetings were held and the individual attendance record of each director at such meetings is set out below:

	Attendance/Number of Meetings		
Name of Directors	**Board**	**Remuneration Committee**	**Audit Committee**
Executive directors:			
Mr. Lai Leong	17/18	N/A	N/A
Mr. Wang Hao	18/18	N/A	N/A
Mr. Clive William Oxley OBE, ED	16/18	N/A	N/A
Non-executive directors:			
Ms. Wan Choi Ha, Noven *(Note 1)*	0/1	N/A	N/A
Mr. Li Siu Lok, Albert *(Note 2)*	1/1	N/A	N/A
Independent non-executive directors:			
Dr. Chow King Wai	18/18	2/2	2/2
Mr. Chu Kar Wing	15/18	2/2	2/2
Mr. Wong Kwok Tai	17/18	2/2	2/2

Notes:

1. Ms. Wan Choi Ha, Noven resigned as a non-executive director of the Company on 1 July 2006. Before her resignation, there was 1 Board meeting held during the year ended 30 April 2007.

2. Mr. Li Siu Lok, Albert resigned as a non-executive director of the Company on 15 July 2006. Before his resignation, there was 1 Board meeting held during the year ended 30 April 2007.

(7) Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Company's Own Code") 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") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Company's Own Code and the Model Code throughout the year ended 30 April 2007.

The Company also has established written guidelines in no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

B. DELEGATION BY THE BOARD

The Board reserves for its decision all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflicts of interest), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Board has delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operations and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems.

The Board has established 2 committees, namely the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders upon request.

The Board also has the full support of the senior management executives to enable it to discharge its responsibilities.

C. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 30 April 2007 are set out in note 8 to the financial statements.

Remuneration Committee

The Remuneration Committee comprises 3 members, namely Dr. Chow King Wai, Mr. Chu Kar Wing (chairman) and Mr. Wong Kwok Tai, all of whom are independent non-executive directors.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

CORPORATE GOVERNANCE REPORT

The senior management is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman/Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met twice during the year ended 30 April 2007, with the attendance of all the Remuneration Committee members, and reviewed/discussed the remuneration policy and structure of the Company, and the remuneration packages of the executive directors for the year under review. The attendance records of the 2 Remuneration Committee's meetings are set out under the above "Directors' attendance records".

D. ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The directors have acknowledged their responsibility for preparing the financial statements of the Company for the year ended 30 April 2007.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management provides explanations and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company which have been put to the Board for approval.

E. INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Group. During the year under review, the Board has conducted a review and evaluated the control process to identify and manage potential risks and to consider measures to address any identified risks.

F. AUDIT COMMITTEE

The Audit Committee comprises 3 independent non-executive directors, namely Mr. Chu Kar Wing (chairman), Dr. Chow King Wai and Mr. Wong Kwok Tai, and Mr. Wong Kwok Tai possesses the appropriate professional qualifications and accounting and related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors.

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

During the year under review, the Audit Committee held 2 meetings to review the Group's annual results and annual report for the year ended 30 April 2006, interim results and interim report for the six months ended 31 October 2006, the financial reporting and compliance procedures, the report from the management on the Company's internal control and risk management review and processes and the re-appointment of the external auditors. The attendance records of the 2 Audit Committee's meetings are set out under the above "Directors' attendance records".

G. EXTERNAL AUDITORS AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Messrs CCIF CPA Limited, about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 31 to 32.

The remuneration paid/payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended 30 April 2007 amounted to HK$600,000 and HK$467,211 respectively. The non-audit services related to the reviewing of the 2006/07 annual results announcement and preparation of the Accountant's Reports in respect of the very substantial acquisition and very substantial disposal undertaken by the Company during the year ended 30 April 2007.

H. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. General meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairman of the Remuneration Committee and the Audit Committee and, in their absence, other members of the respective committees normally attend the annual general meeting of the Company to answer questions raised by the shareholders.

CORPORATE GOVERNANCE REPORT

Code provision E.1.2 of the CG Code stipulates that the Chairman of a listed issuer should attend the issuer's annual general meeting. At the Company's 2006 annual general meeting held on 29 September 2006, Mr. Lai Leong, the then Chairman of the Board of the Company, was not present since he had another important business engagement. Despite his absence, he had arranged for Mr. Wang Hao, an executive director of the Company, to take the chair of the meeting and answer shareholders' questions. Mr. Lai had also arranged for the Chairman of the Audit Committee and the Remuneration Committee to be available to answer questions at the said annual general meeting.

To promote effective communication, the Company maintains a website at www.735.com.hk, where information on the Company's financial information, corporate governance practices and other information is posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

I. SHAREHOLDER RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll are included in all circulars to shareholders and explained during the proceedings of shareholders' meetings.

Where poll voting is conducted at a shareholders' meeting, the poll voting results will be published on the websites of the Stock Exchange and the Company after the meeting.

INDEPENDENT AUDITOR'S REPORT

CCIF

CCIF CPA LIMITED
20/F Sunning Plaza
10 Hysan Avenue
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Power New Energy Development Company Limited (the "Company") set out on pages 33 to 99, which comprise the consolidated and Company balance sheets as at 30 April 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 29 August 2007

Fung Pui Cheung
Practising Certificate Number P00755

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	*6(a)*	**121,492**	37,254
Cost of sales		**(72,909)**	(8,167)
Gross profit		**48,583**	29,087
Other revenue	*6(a)*	**4,450**	6,738
Selling and distribution expenses		**(1,547)**	(5,044)
Administrative expenses		**(62,880)**	(32,517)
Other operating expenses		**(19,997)**	(6,105)
Operating loss	*7*	**(31,391)**	(7,841)
Finance costs	*9*	**(28,957)**	(3,000)
Fair value changes on investment properties	*14*	**(11,282)**	(13,913)
Gain on disposal of subsidiaries, net		**8,505**	–
Share of profit of associates, net		**1,617**	–
Loss before income tax		**(61,508)**	(24,754)
Income tax	*10*	**(10,314)**	999
Loss for the year		**(71,822)**	(23,755)
Attributable to:			
Equity holders of the Company	*11*	**(38,160)**	(24,885)
Minority interests		**(33,662)**	1,130
		(71,822)	(23,755)
Dividends		**–**	–
Loss per share attributable to the equity holders of the Company	*12*		
– Basic		**(1.40 cents)**	(1.10 cents)
– Diluted		**N/A**	N/A

The notes on pages 40 to 99 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	13	**89,892**	3,230
Investment properties	14	**545,849**	133,068
Leasehold land use right	15	**11,121**	–
Construction in progress	16	**31,866**	–
Deposit on acquisition of property under development	17	**–**	32,899
Deposit on acquisition of property		**20,433**	–
Goodwill	18	**85,231**	–
Interest in associates	20	**5,968**	–
Available-for-sale financial assets	21	**–**	7,533
		790,360	176,730
Current assets			
Inventories	22	**9,058**	16
Properties under development	23	**1,341,005**	–
Trade receivables	24	**11,167**	742
Prepayments, deposits and other receivables		**26,109**	33,692
Due from an investee company	25	**–**	30,467
Due from related companies	26	**64,609**	–
Cash and bank balances	27	**146,553**	40,436
		1,598,501	105,353
Current liabilities			
Trade payables	28	**22,447**	456
Other payables and accruals		**57,261**	4,240
Due to related companies		**3,884**	–
Due to a shareholder		**19**	–
Due to minority shareholders of subsidiaries	29	**46,827**	20,201
Borrowings	30	**684,787**	100,000
Deferred income		**71**	–
Deposit received		**420,096**	7,184
Coupon liabilities		**5,077**	6,322
Tax payable		**11,604**	1,552
		1,252,073	139,955
Net current assets/(liabilities)		**346,428**	(34,602)
Total assets less current liabilities		**1,136,788**	142,128

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current liabilities			
Borrowings	30	**271,886**	–
Deferred income		**3,421**	–
Deferred tax liabilities	31	**190,741**	13,660
		466,048	13,660
NET ASSETS		**670,740**	128,468
CAPITAL AND RESERVES			
Share capital	32	**322,102**	249,602
Reserves		**(476)**	(103,360)
		321,626	146,242
Minority interests		**349,114**	(17,774)
TOTAL EQUITY		**670,740**	128,468

Approved and authorised for issue by the board of directors on 29 August 2007

On behalf of the board

Lai Leong
Director

Li Xiaolin
Director

The notes on pages 40 to 99 form an integral part of these financial statements.

BALANCE SHEET

AS AT 30 APRIL 2007

	Note	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment	13	**–**	–
Interest in subsidiaries	19	**257,406**	86,990
		257,406	86,990
Current assets			
Prepayments and deposits		**1,214**	31,496
Cash and bank balances	27	**49,532**	9,518
		50,746	41,014
Current liabilities			
Other payables and accruals		**1,969**	3,539
Net current assets		**48,777**	37,475
NET ASSETS		**306,183**	124,465
CAPITAL AND RESERVES			
Share capital	32	**322,102**	249,602
Reserves	34	**(15,919)**	(125,137)
TOTAL EQUITY		**306,183**	124,465

Approved and authorised for issue by the board of directors on 29 August 2007

On behalf of the board

Lai Leong
Director

Li Xiaolin
Director

The notes on pages 40 to 99 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2007

	Note	Share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Minority interests HK$'000	Total HK$'000
At 1 May 2005		192,002	–	–	–	(78,475)	(18,904)	94,623
Issue of right shares	32(a)	57,600	–	–	–	–	–	57,600
Loss for the year		–	–	–	–	(24,885)	1,130	(23,755)
At 30 April 2006		249,602	–	–	–	(103,360)	(17,774)	128,468
At 1 May 2006		249,602	–	–	–	(103,360)	(17,774)	128,468
Exchange realignment		–	–	–	6,658	–	17,420	24,078
Acquisition of subsidiaries	35(a)	–	–	–	–	–	382,404	382,404
Disposal of subsidiaries	35(b)	–	–	–	–	–	726	726
Employee share option benefits		–	–	18,886	–	–	–	18,886
Issue of consideration shares	32(b)	32,500	45,500	–	–	–	–	78,000
Issue of new shares	32(c)	40,000	70,000	–	–	–	–	110,000
Loss for the year		–	–	–	–	(38,160)	(33,662)	(71,822)
At 30 April 2007		322,102	115,500	18,886	6,658	(141,520)	349,114	670,740

The notes on pages 40 to 99 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Operating loss		**(31,391)**	(7,841)
Interest income		**(1,127)**	(479)
Depreciation		**6,371**	1,514
Written off of property, plant and equipment		**–**	511
Impairment loss on property, plant and equipment		**525**	–
Impairment on goodwill		**–**	4,632
Provision for inventories obsolescence		**–**	1,324
Loss on disposal of property, plant and equipment		**149**	5
Impairment loss on trade and other receivables		**19,261**	76
Amortisation of deferred income		**(29)**	–
Amortisation of leaseheld land use right		**102**	–
Written back of provision for trade receivables		**–**	(5,328)
Written back of provision for other receivables		**–**	(136)
Employee share option benefits		**18,886**	–
Written back of provision for obsolete stock		**(314)**	(126)
Operating profit/(loss) before changes in working capital		**12,433**	(5,848)
Increase in due from related companies		**(46,267)**	–
Increase in due from a director		**(99)**	–
Increase in inventories		**(458)**	(153)
Decrease in trade receivables		**3,674**	5,892
Decrease in bills receivable		**263**	–
Decrease/(increase) in prepayments, deposits and other receivables		**228,684**	(16,556)
Decrease in amount due from associates		**1,459**	–
Increase in amount due from a fellow subsidiary		**–**	(208)
Increase in due to a shareholder		**19**	–
(Decrease)/increase in coupon liabilities		**(1,245)**	1,254
Increase in deposit received		**307,681**	4,111
Decrease in trade payables		**(35,614)**	(2,926)
Increase in due to related companies		**17,565**	–
Decrease in other payables and accruals		**(93,752)**	(2,643)
Decrease in promissory note		**(9,000)**	–
Increase in due to minority shareholders of subsidiaries		**26,626**	939
		411,969	(16,138)
Tax paid		**(37,262)**	–

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

	Note	**2007** HK$'000	2006 HK$'000
Net cash generated from/(used in) operating activities		**374,707**	(16,138)
Cash flows from investing activities			
Expenditure on properties under development		**(279,231)**	–
Acquisition of subsidiaries	*35(a)*	**43,939**	–
Disposal of subsidiaries	*35(b)*	**(515)**	–
Purchase of property, plant and equipment		**(1,088)**	(2,955)
Interest received		**1,127**	479
Proceeds from disposal of property, plant and equipment		**157**	60
Proceeds from disposal of investment in securities		**–**	1,200
Expenditure on construction in progress		**(24,249)**	–
Net cash used in investing activities		**(259,860)**	(1,216)
Cash flows from financing activities			
Interest paid		**(28,957)**	(3,000)
Repayment of bank loan		**(256,262)**	–
Repayment of other loan		**(24,782)**	–
Issue of new shares		**110,000**	57,600
New bank loans		**236,405**	–
New other loan		**59,478**	50,000
Repayment of loan from related parties		**(109,043)**	(50,000)
Net cash (used in)/generated from financing activities		**(13,161)**	54,600
Increase in cash and cash equivalents		**101,686**	37,246
Cash and cash equivalents at beginning of year		**40,436**	3,190
Effect of foreign exchange rate changes		**4,431**	3,190
Cash and cash equivalents at end of year		**146,553**	40,436
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**146,553**	40,436

The notes on pages 40 to 99 form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

1. GENERAL INFORMATION

China Power New Energy Development Company Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in investment holding, property investment, operations of bakery retail shops, provision of consultancy services for hotel management, trading of electronic products and generation of thermal power.

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on The Stock Exchange of Hong Kong Limited.

In the opinion of the directors, the ultimate holding company of the Company is Wealth Success Limited ("Wealth Success"), a company incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 August 2007.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). These consolidated financial statements have been prepared under the historical cost convention except that certain assets and liabilities are stated at their fair value as explained in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

The following amendments to standards and interpretations are mandatory for financial year ended 30 April 2007.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS 1 & HKFRS 6 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment

2. BASIS OF PREPARATION (Continued)

The adoption of the above amendments to standards and interpretation did not have any significant impacts to the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted. The directors anticipate that the adoption of these standards, amendments to standards and interpretations will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 30 April.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill *(Note 3(b))*. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

(i) Subsidiaries (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses *(Note 3(c))*. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to the Company's equity holders therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of the respective entities' changes in equity since the date of the combination. The interests of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. Losses applicable to the minority shareholder in excess of the minority's interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority shareholder has a binding obligation and is able to make an additional investment to cover the losses.

(ii) Associated Company

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in an associated company are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associated company's post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated company have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in an associated company is stated at cost less provision for impairment losses *(Note 3(c))*. The results of an associated company are accounted for by the Company on the basis of dividend received and receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing *(Note 3(c))*. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(c) Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

(d) Property, plant and equipment

Property, plant and equipment other than construction in progress *(Note 3(g))* are recognised initially at cost. Cost comprises purchase price, cost transferred from construction in progress and any directly attributable costs of bringing the assets to the condition for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	4.5% or over the lease terms, whichever is shorter
Leasehold improvements	20% or over the lease terms, whichever is shorter
Plant and machinery	9% – 9.5%
Power generators and equipment	6% – 9%
Furniture, fixtures and equipment	14% – 25%
Motor vehicles	18% – 30%
Utensils and supplies	33 $^{1}/_{3}$%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount *(Note 3(c))*.

The gain or loss on disposal of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(e) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest *(Note 3(f))* to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment properties is accounted for as described in note 3(t)(iv).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit and loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment properties (Continued)

Leasehold land prepayments are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land for a period of 50 years from the date the respective right was granted. Amortisation of leasehold land prepayments is calculated on a straight-line basis over the period of the land use rights.

(f) Leasehold land prepayments

Leasehold land prepayments are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land for a period of 50 years from the date the respective right was granted. Amortisation of leasehold land prepayments is calculated on a straight-line basis over the period of the land use rights.

(g) Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in note 3(d) above.

(h) Properties under development

Properties under development are stated at the lower of cost and net realisable value. The cost of properties under development comprises development and construction expenditure, finance costs capitalised and other direct costs attributable to the development. Net realisable value is the estimated selling price at which the property can be realised less related expenses.

(i) Financial assets

The Group classifies its financial assets in equity securities as available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Investment in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses.

The Group assesses at each balance sheet date whether there is objective evidence that available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of the security below its cost is considered an indicator that in determining whether the securities are impaired. If any such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(j) Inventories

Inventories comprise electronic products, bakery products, coal, oil, consumable supplies and spare parts held for consumption and usage, and are stated at the lower of cost and net realisable value after provision for obsolete items. Cost is determined using the weighted average method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated cost of completion and estimated selling expenses.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

(m) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Coupon liabilities

Coupons are recorded as liabilities when sold. Coupons surrendered in exchange for cake and other food products during the year are recognised as sales using the weighted average coupon sales value.

(p) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases are charged or credited to income statement on a straight-line basis over the period of the lease.

(q) Employee benefits

(i) Pension obligations

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,000 per month as a mandatory contribution. Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers.

For employees in Mainland China, the Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expenses as incurred.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee benefits (Continued)

(ii) Share-based compensation

The Company operates an equity-settled, share-based compensation plan. The fair value of the employees services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the option are exercised.

(r) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated company, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligations; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) income on sales of thermal power are recognised when thermal power is generated and transmitted to the power girds operated by the respective provincial electric power companies;

(ii) revenue from sales of properties is recognised upon completion of sales agreements, which refers to the time when the relevant properties have been completed and delivered to the purchasers pursuant to the sale agreements. Deposits and instalments received on properties sold prior to their completion are included in current liabilities;

(iii) from sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(iv) rental income is recognised on the straight-line basis over the periods;

(v) income from rendering of services, when the services are rendered;

(vi) interest income is recognised on a time proportion basis using the effective interest method;

(vii) income on sale of investments is recognised when the title to the related investments is passed to the purchaser; and

(viii) subsidy income is recognised as revenue when there is reasonable assurance that it will be received.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' total equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(y) Deferred income

Deferred income represents grant from government in connection with a leasehold land use right in PRC for construction of power generation plant and are initially recognised at its fair value. Deferred income are included in non-current liabilities and are credited to the income statement on a straight-line basis over the period of the land use right.

(z) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

(aa) Financial guarantee

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts.

Provisions are recognised when it is probable that the Group has obligations under such guarantees and an outflow of economic resources will be required to settle the obligations.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and interest rate risk.

(a) Foreign exchange risk

The Group operates in the Mainland China and Hong Kong and is primarily exposed to foreign exchange risk arising from Renminbi. The Group did not have a foreign currency hedging policy as at the balance sheet date. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. At the balance sheet date, the Group had a certain concentration risk as approximately 62% (2006: 0%) of the total trade and other receivables was due from two related companies of the Company. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet date.

(c) Liquidity risk

The Group adopts a prudent liquidity risk management and maintains sufficient cash on hand and the availability of funding through an adequate amount of committed credit facilities.

(d) Interest rate risk

The Group is primarily exposed to interest rate risk arises from bank and other borrowings. The Group policy is to maintain all its bank and other borrowings in floating rate instruments except when the interest rate is expected to increase in the long term.

(e) Fair value

All financial instruments are carried at amounts not materially different from their fair values as at the balance sheet date.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalization rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. Management will revise the depreciation charge where useful lives are different to previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment of assets

The Group tests annually whether goodwill has suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount in accordance with the accounting policy stated in note 3(c). The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. The value-in-use calculation require the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value, which has been prepared on the basis of management's assumptions and estimates. Detailed sensitivity analyses have been performed and management is confident that the carrying amount of the relevant assets will be recovered in full.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions, Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(e) Impairment of goodwill

The Group performs an annual review of recoverable amount of goodwill with reference to its net selling price and value in use. Value in use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of goodwill may be different from its actual recoverable amount and profit or loss could be affected by accuracy of the estimations.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION

(a) Revenue recognised during the years are as follows:

	2007	2006
	HK$'000	HK$'000
Turnover		
Consultancy fee income for hotel management	**9,000**	9,000
Building management service fee income	**175**	1,285
Rental income from investment properties	**24,298**	6,821
Sales of bakery and other food products	**9,185**	16,867
Sales of electronic products	**243**	3,408
Disposal of investment properties	**30,717**	–
Sales of thermal power	**47,972**	–
	121,590	37,381
Less: Business tax	**(98)**	(127)
	121,492	37,254
Other revenue		
Interest income	**1,127**	479
Sale of scrap materials	**2,448**	–
Sundry income	**483**	251
Sub-letting rental income	**–**	168
Reversal of impairment loss on other receivables	**–**	136
Reversal of impairment loss on trade receivable	**–**	5,328
Government grant	**29**	–
Exchange gain, net	**49**	250
Written back of provision for obsolete stock	**314**	126
	4,450	6,738
Total revenue	**125,942**	43,992

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION (Continued)

(b) Operating lease arrangement

As at the balance sheet date, the future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within 1 year	**17,400**	–
After 1 year but within 5 years	**12,185**	6,258
After 5 years	**160**	1,596
	29,745	7,854

(c) A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Turnover and segment results for the year are as follows:

Primary reporting format – business segments

The Group operates mainly in Hong Kong and Mainland China and in six main business segments:

(i) Bakery and food segment engages in the operations of bakery retail shops;

(ii) Investment holding segment engages in equity investments;

(iii) General trading segment engages in trading of electronic products;

(iv) The property investment segment engages in the property investment and letting;

(v) Consultancy segment engages in provision of consultancy services for hotel management; and

(vi) Thermal power segment engages in generating and providing thermal power.

There are no significant sales between the business segments.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION (Continued)

(c) (Continued)

Secondary reporting format – geographical segments

The Group's six business segments are mainly managed in Hong Kong and Mainland China:

Hong Kong	–	Bakery and food, investment holding, general trading and property investment
Mainland China	–	Bakery and food, property investment, consultancy and thermal power
Others	–	Trading of electronic products

There are no significant sales between the geographical segments.

Primary reporting format – business segments

	Bakery and food		Investment holding		General trading		Property investment		Consultancy		Thermal power		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:														
Sales to external customers	**9,185**	16,838	**–**	–	**243**	3,408	**55,092**	8,008	**9,000**	9,000	**47,972**	–	**121,492**	37,254
Other revenue	**56**	2,271	**93**	3,950	**260**	–	**338**	39	**25**	–	**2,551**	–	**3,323**	6,260
Total	**9,241**	19,109	**93**	3,950	**503**	3,408	**55,430**	8,047	**9,025**	9,000	**50,523**	–	**124,815**	43,514
Segment results	**1,824**	2,487	**(44,850)**	(19,627)	**(53)**	(1,849)	**4,868**	6,098	**3,230**	4,572	**2,463**	–	**(32,518)**	(8,319)
Interest income and unallocated revenue/gains – segment	**1**	–	**1,041**	461	**–**	17	**–**	–	**–**	–	**85**	–	**1,127**	478
Operating loss													**(31,391)**	(7,841)
Finance costs													**(28,957)**	(3,000)
Fair value changes on investment properties	**–**	–	**–**	–	**–**	–	**(11,282)**	(13,913)	**–**	–	**–**	–	**(11,282)**	(13,913)
Gain/(loss) on disposal of subsidiaries, net	**(805)**	–	**9,268**	–	**–**	–	**42**	–	**–**	–	**–**	–	**8,505**	–
Share of profit of associates, net	**–**	–	**–**	–	**–**	–	**1,617**	–	**–**	–	**–**	–	**1,617**	–
Loss before income tax													**(61,508)**	(24,754)
Income tax													**(10,314)**	999
Loss for the year													**(71,822)**	(23,755)
Attributable to:														
Equity holders of the Company													**(38,160)**	(24,885)
Minority interests													**(33,662)**	1,130
													(71,822)	(23,755)

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION (Continued)

(c) (Continued)

Primary reporting format – business segments (Continued)

	Bakery and food		Investment holding		General trading		Property investment		Consultancy		Thermal power		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**1,691**	1,426	**59,313**	81,743	**613**	1,399	**2,094,390**	167,073	**119**	–	**225,542**	–	**2,381,668**	251,641
Unallocated assets													**7,193**	30,442
Total assets													**2,388,861**	282,083
Segment liabilities	**26,627**	28,109	**1,968**	3,539	**5**	5	**1,553,049**	116,812	**4,566**	5,150	**131,906**	–	**1,718,121**	153,615
Unallocated liabilities													**–**	–
Total liabilities													**1,718,121**	153,615
Other segment information														
Depreciation	**–**	1,308	**580**	203	**–**	–	**437**	3	**–**	–	**5,354**	–	**6,371**	1,514
Capital expenditure	**9**	55	**–**	2,900	**–**	–	**671**	–	**–**	–	**408**	–	**1,088**	2,955
Impairment loss on trade receivables	**–**	76	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	76
Provision for inventories obsolescence	**–**	581	**–**	–	**–**	743	**–**	–	**–**	–	**–**	–	**–**	1,324
Impairment loss on other receivables	**–**	–	**–**	–	**–**	–	**19,261**	–	**–**	–	**–**	–	**19,261**	–
Impairment on goodwill	**–**	–	**–**	4,632	**–**	–	**–**	–	**–**	–	**–**	–	**–**	4,632
Impairment loss/written off of property, plant and equipment	**525**	511	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**525**	511
Loss on disposal of property, plant and equipment	**–**	5	**–**	–	**–**	–	**138**	–	**–**	–	**11**	–	**149**	5

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

6. TURNOVER, OTHER REVENUE AND SEGMENT INFORMATION (Continued)

(c) (Continued)

Secondary reporting format – geographical segments

	Hong Kong		Mainland China		Overseas		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**9,249**	33,515	**111,157**	3,739	**1,086**	–	**121,492**	37,254
Segment results	**(45,514)**	(11,855)	**13,320**	3,536	**181**	–	**(32,013)**	(8,319)
Other segment information:								
Segment assets	**86,493**	263,805	**2,302,368**	18,278	**–**	–	**2,388,861**	282,083
Capital expenditure	**9**	2,955	**1,079**	–	**–**	–	**1,088**	2,955

7. OPERATING LOSS

Operating loss is stated at after charging the following:

	2007	2006
	HK$'000	HK$'000
Auditors' remuneration		
Audit fees		
– current year	**600**	300
– under provision in prior years	**–**	23
Non-audit fee	**775**	1,413
	1,375	1,736
Cost of inventories sold	**3,069**	8,167
Depreciation	**6,371**	1,514
Minimum lease payments under operating leases in respect of land and buildings	**2,298**	4,358
Staff costs *(Note 8)*	**34,043**	10,500
Impairment on goodwill	**–**	4,632
Impairment loss on trade receivables	**–**	76
Impairment loss on other receivables	**19,261**	–
Provision for inventories obsolescence	**–**	1,324
Loss on disposal of property, plant and equipment	**149**	5
Written off property, plant and equipment	**–**	511
Impairment loss on property, plant and equipment	**525**	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2007	2006
	HK$'000	HK$'000
Fees	**193**	325
Salaries, housing and other allowances	**14,623**	9,864
Contribution to retirement benefits scheme	**341**	311
Employee share option benefits	**18,886**	–
	34,043	10,500

(a) Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Company during the year are as follows:

	2007	2006
	HK$'000	HK$'000
Fees	**193**	325
Salaries, housing and other allowances	**4,948**	3,799
Contribution to retirement benefits scheme	**47**	–
Employee share option benefits	**3,752**	–
	8,940	4,124

Directors' fee disclosed above include HK$170,000 (2006: HK$180,000) paid to independent non-executive directors.

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The directors' emoluments are analysed as follows:

		Year ended 30 April 2006				
Name of directors	*Note*	Fees HK$'000	Salary, housing and other allowances HK$'000	Contribution to retirement benefits scheme HK$'000	Employee share option benefits HK$'000	Total HK$'000
Executive directors						
Mr. Lai Leong		–	2,884	–	–	2,884
Mr. Clive William Oxley		–	915	–	–	915
Non-executive directors						
Mr. Kwok Chi Sun Vincent	*(i)*	25	–	–	–	25
Mr. Li Siu Lok, Albert	*(ii)*	60	–	–	–	60
Ms. Wan Choi Ha	*(iii)*	60	–	–	–	60
Independent non-executive directors						
Dr. Chow King Wai		60	–	–	–	60
Mr. Chu Kar Wing		60	–	–	–	60
Mr. Wong Kwok Tai		60	–	–	–	60
		325	3,799	–	–	4,124

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

		Year ended 30 April 2007				
Name of directors	Note	Fees HK$'000	Salary Housing and other allowances HK$'000	Contribution to retirement benefits scheme HK$'000	Employees share option benefits HK$'000	Total HK$'000
Executive directors						
Mr. Lai Leong		–	3,275	47	–	3,322
Mr. Clive William Oxley		–	1,040	–	–	1,040
Mr. Wang Hao		–	633	–	3,752	4,385
Non-executive directors						
Mr. Li Siu Lok, Albert	*(ii)*	13	–	–	–	13
Ms. Wan Choi Ha	*(iii)*	10	–	–	–	10
Independent non-executive directors						
Dr. Chow King Wai		55	–	–	–	55
Mr. Chu Kar Wing		55	–	–	–	55
Mr. Wong Kwok Tai		60	–	–	–	60
		193	4,948	47	3,752	8,940

Notes:

(i) resigned on 27 September 2005

(ii) resigned on 15 July 2006

(iii) resigned on 1 July 2006

The above analysis includes three (2006: two) directors whose emoluments were among the five highest in the Group.

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Five highest paid individuals

Details of the aggregate emoluments paid to two (2006: three) individuals whose emoluments were the highest in the Group and have not been included in the directors' emoluments above are set out below:

	2007	2006
	HK$'000	HK$'000
Salaries, housing and other allowances	**1,902**	1,640
Bonuses	**–**	–
Contributions to retirement benefits scheme	**24**	29
Employee share option benefits	**5,003**	–
	6,929	1,669

The emoluments of the highest paid individuals fell within the following bands:

	Number of individuals	
	2007	2006
Nil – HK$1,000,000	**–**	3
HK$3,000,001 – HK$3,500,000	**1**	–
HK$3,500,001 – HK$4,000,000	**1**	–

(c) During the year, no emolument had been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No director waived or agreed to waive any emoluments during the year.

9. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	HK$'000
Interest on bank loans	**14,830**	1,733
Interest on other borrowings	**9,245**	1,267
Interest on loan from a related parties	**4,882**	–
	28,957	3,000

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

10. INCOME TAX

Provision for Hong Kong profit tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the current and prior years.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, practices and interpretations in respect thereof.

Income tax in the consolidated income statement represents:

	2007	2006
	HK$'000	HK$'000
Hong Kong		
– current year	**565**	1,062
– (over)/under-provision in prior year	**(237)**	12
	328	1,074
PRC		
– current year	**16,080**	–
Elsewhere	**–**	202
Deferred income tax *(Note 31)*	**(6,094)**	(2,275)
Income tax expenses/(credit)	**10,314**	(999)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong where the Company operates and the difference is set out as follows:

	2007	2006
	HK$'000	HK$'000
Loss before income tax	**(61,508)**	(24,754)
Tax at the statutory rate of 17.5% (2006: 17.5%)	**(10,764)**	(4,332)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(6,856)**	(212)
Tax effect of non-deductible items for tax purposes	**29,462**	6,707
Tax effect of non-taxable income	**(13,453)**	(4,866)
Tax effect of tax losses not recognised	**–**	1,859
Unrecognised temporary difference	**–**	(167)
Utilisation of unrecognised tax losses	**(672)**	–
Underprovision in respect of prior years	**(237)**	12
Deferred income tax relating to reversal of temporary difference	**12,763**	–
Others	**71**	–
Income tax expenses/(credit)	**10,314**	(999)

11. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a loss of HK$25,168,000 (2006: HK$19,692,000).

12. LOSS PER SHARE

Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
Loss attributable to equity holders of the Company	**(HK$38,160,000)**	(HK$24,885,000)
Weighted average number of ordinary shares in issue	**2,791,845,318**	2,257,730,755
Basic loss per share	**(HK$0.014)**	(HK$0.011)

Diluted

Diluted loss per share for the year ended 30 April 2007 has not been disclosed as the potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss for the year. Diluted loss per share was not presented for the year ended 30 April 2006 as there were no dilutive potential shares in issue during the prior year.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvement	Plant and machinery	Power generators and equipment	Furniture, fixtures and equipment	Motor vehicles	Utensils and supplies	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
At 1 May 2005	–	3,631	340	–	7,180	809	3,516	15,476
Additions	–	4	–	–	17	2,918	16	2,955
Written off	–	(2,111)	(340)	–	(36)	(117)	–	(2,604)
Disposal	–	–	–	–	–	(352)	–	(352)
At 30 April 2006	–	1,524	–	–	7,161	3,258	3,532	15,475
Accumulated depreciation and impairment								
At 1 May 2005	–	3,340	82	–	5,667	532	3,490	13,111
Charge for the year	–	121	32	–	1,061	276	24	1,514
Written off	–	(1,937)	(114)	–	(14)	(28)	–	(2,093)
Disposal	–	–	–	–	–	(287)	–	(287)
At 30 April 2006	–	1,524	–	–	6,714	493	3,514	12,245
Net book value								
At 30 April 2006	–	–	–	–	447	2,765	18	3,230

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	Buildings	Leasehold improvement	Plant and machinery	Power generators and equipment	Furniture, fixtures and equipment	Motor vehicles	Utensils and supplies	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost								
At 1 May 2006	–	1,524	–	–	7,161	3,258	3,532	15,475
Acquisition of subsidiaries *(Note 35(a))*	22,376	–	–	64,060	751	2,892	–	90,079
Disposal of subsidiaries *(Note 35(b))*	–	–	–	–	(71)	–	–	(71)
Additions	64	–	–	340	146	538	–	1,088
Disposal	–	–	–	(100)	–	(499)	–	(599)
Transfer from CIP *(Note 16)*	40	–	–	617	–	–	–	657
Exchange realignment	511	–	–	1,469	34	97	–	2,111
At 30 April 2007	22,991	1,524	–	66,386	8,021	6,286	3,532	108,740
Accumulated depreciation and impairment								
At 1 May 2006	–	1,524	–	–	6,714	493	3,514	12,245
Disposal of subsidiaries *(Note 35(b))*	–	–	–	–	(64)	–	–	(64)
Charge for the year	763	–	–	4,363	157	1,088	–	6,371
Disposal	–	–	–	(83)	–	(210)	–	(293)
Impairment losses for the year	–	–	–	–	448	59	18	525
Exchange realignment	8	–	–	48	4	4	–	64
At 30 April 2007	771	1,524	–	4,328	7,259	1,434	3,532	18,848
Net book value								
At 30 April 2007	22,220	–	–	62,058	762	4,852	–	89,892

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Office equipment HK$'000
Cost	
At 1 May 2005, 30 April 2006 and 30 April 2007	81
Accumulated depreciation and impairment	
At 1 May 2005	71
Charge for the year	10
At 30 April 2006 and 30 April 2007	81
Net book value	
At 30 April 2006 and 30 April 2007	–

14. INVESTMENT PROPERTIES

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 May	**133,068**	146,981
Exchange realignment	**24,336**	–
Acquisition of subsidiaries *(Note 35(a))*	**529,141**	–
Disposal of subsidiaries *(Note 35(b))*	**(120,000)**	–
Additions	**13,476**	–
Disposal	**(22,890)**	–
Fair value changes	**(11,282)**	(13,913)
At 30 April	**545,849**	133,068

Notes:

(a) As at 30 April 2007, investment properties amounting to HK$545,849,000 (2006: HK$115,000,000) were pledged as security for bank loan facilities granted to the Group (Note 30).

(b) The investment properties of the Group were stated at open market value basis by reference to a valuation report issued by BMI Appraisals Limited, an independent professional qualified valuers on 30 April 2007.

14. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(c) The Group's interest in investment properties at their net book value are analysed as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Held in Hong Kong under long-term lease	**–**	115,000
Held in Mainland China under medium term lease	**545,849**	18,068
	545,849	133,068

(d) All of the investment properties of the Group are held for rental under operating leases. The investment properties were leased to third parties under operating lease, further summary details of which are included in note 6(b) to the financial statements.

15. LEASEHOLD LAND USE RIGHTS

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 May	**–**	–
Acquisition of subsidiaries *(Note 35(a))*	**10,974**	–
Amortisation	**(102)**	–
Exchange realignment	**249**	–
At 30 April	**11,121**	–

Note:

(a) The Group's interests in leasehold land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
In PRC, held on leases of between 10 to 50 years	**11,121**	–

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

16. CONSTRUCTION IN PROGRESS

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 May	**–**	–
Acquisition of subsidiaries *(Note 35(a))*	**7,829**	–
Additions	**24,249**	–
Transfer to property, plant and equipment *(Note 13)*	**(657)**	–
Exchange realignment	**445**	–
At 30 April	**31,866**	–

17. DEPOSIT ON ACQUISITION OF PROPERTY UNDER DEVELOPMENT

	Group	
	2007	2006
	HK$'000	HK$'000
Balance as at year end	**–**	32,899

The amount represented payments made by the Group to acquire a commercial property project located in Guangzhou, Guangdong Province, Mainland China (the "Guangdong Property"). Pursuant to a sales and purchase agreement dated 8 October 2002 entered between the developer and a wholly-owned subsidiary of the Group, namely Wealth Vantage Limited ("Wealth Vantage"), the developer was to deliver the Guangdong Property prior to 31 December 2004.

On 14 April 2004, the developer issued a letter to Wealth Vantage pursuant to which the developer agreed to deliver the Guangdong Property to Wealth Vantage by the end of June 2005. In addition, the developer agreed to reduce the outstanding balance consideration payable by Wealth Vantage for acquisition of the Guangdong Property from RMB10 million to RMB2 million as a result of the delay in delivering the Guangdong Property. After the payment of RMB2 million, the Group has fully paid the consideration in respect of the acquisition of the Guangdong Property. Upon completion, Wealth Vantage can apply for and obtain the real estate title certificate for the Guangdong Property.

The Guangdong Property is held under a land use right for a period of 40 years commencing on 14 August 1995 in Mainland China. Based on the valuation report issued by an independent professional valuer, the open market value of the Guangdong Property was RMB38.7 million as at 30 April 2006. Therefore, the directors considered that no provision for impairment loss was necessary notwithstanding the delay in completing the development.

As detailed in Note 35(a)(i) and 35(b)(ii) to the financial statements, the Group disposed Wealth Vantage as part of consideration paid in acquiring the Rick Crown Group. Upon completion of the acquisition on 24 May 2006, the balance of deposit on acquisition of property under development became HK$Nil.

18. GOODWILL

		Group	
		2007	2006
	Note	**HK$'000**	HK$'000
Carrying value			
At 1 May		**–**	4,632
Additions on acquisition of subsidiaries	*35(a)*	**85,231**	–
Impairment loss for the year		**–**	(4,632)
At 30 April		**85,231**	–

Impairment test for cash-generating units containing goodwill

Goodwill acquired has been allocated to the cash generating unit ("CGU") of the respective companies.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of one year. Cash flows beyond the one-year period are extrapolated using the estimated rates stated below. The growth rates do not exceed the respective long-term average growth rates for the business in which the CGUs operate.

Key assumptions used for value-in-use calculations:

Growth rate	2%
Discount rate	15.82%

Management determined the budgeted gross margin based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

The recoverable amounts of the CGU are higher than their carrying amounts based on value-in-use calculations. Accordingly, no impairment loss on goodwill is recognised in the consolidated income statement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

19. INTEREST IN SUBSIDIARIES

	Company	
	2007	2006
	HK$'000	HK$'000
Unlisted shares, at cost	**166**	166
Due from subsidiaries	**312,539**	123,721
Due to subsidiaries	**(17,645)**	–
	295,060	123,887
Less: Impairment loss	**(37,654)**	(36,897)
	257,406	86,990

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, no demand for repayment will be made by the Company in the next twelve months. Accordingly, the amounts are shown as non-current.

After considering the profitability, financial positions, cash flows and future prospects of these subsidiaries, the directors considered that it was appropriate to make impairment on amounts due from the subsidiaries. The recoverable amount of the investment in subsidiaries based upon which impairment loss is arrived at its value in use and is determined using discounted cash flows. The discount rate used is 15.82%, which is determined with reference to the borrowing rates of the Group as at the balance sheet date.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Capital Vantage Limited	British Virgin Islands	US$1	100%	–	Investment holding
King Vantage Limited	British Virgin Islands	US$1	100%	–	Investment holding
Oriental Target Limited	British Virgin Islands	US$10,000	100%	–	Investment holding
Oriental Merit Limited	British Virgin Islands	US$1	100%	–	Property investment

19. INTEREST IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Oriental Mate Limited	British Virgin Islands	US$10,000	100%	–	Investment holding
Oriental Quest Limited	British Virgin Islands	US$1	100%	–	Investment holding
Sincere Vantage Limited	British Virgin Islands	US$1	100%	–	Investment holding
Sincere Land Limited	British Virgin Islands	US$1	100%	–	Investment holding
China Power (New Energy) Holdings Limited	Hong Kong	HK$1	–	100%	Investment holding
Fame Basic Limited	British Virgin Islands	US$1	–	100%	Property investment
Kamboat Bakery Limited	Hong Kong	HK$2,040,000	–	51%	Bakery operations
Oriental Talent Limited	Hong Kong	HK$2	–	100%	General trading
Oriental Board Limited	Hong Kong	HK$1	–	100%	Consultancy
Rich Crown International Industries Limited	Hong Kong	HK$1,000,000	–	51%	Investment holding
Shanghai Gu Yuan Real Estate Company Limited*** (上海谷元置業有限公司)	PRC	RMB30,000,000	–	27%	Property development

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

19. INTEREST IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanghai Goyeah Real Estate Development Company Limited** (上海谷元房地產開發有限公司)	PRC	US$30,000,000	–	30%	Property holding
Tianwo Holdings Limited	British Virgin Islands	US$1	–	100%	Investment holding
Tianwo Development Limited	British Virgin Islands	US$1	–	100%	Investment holding
Zhongdian Hongze Thermal Power Company Limited** (中電(洪澤)熱電有限公司)	PRC	RMB30,000,000	–	60%	Thermal power generating
Zhongdian Hongze Reproductive Substance Thermal Power Company Limited* (中電(洪澤)生物質熱電有限公司)	PRC	RMB26,000,000	–	100%	Thermal power generating

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* *wholly-owned foreign enterprise*

** *sino-foreign equity joint-venture enterprise*

*** *private limited liability company*

20. INTEREST IN ASSOCIATES

	Group 2007 HK$'000	Group 2006 HK$'000
Share of net assets	**3,344**	–
Due from an associate	**9,305**	6,681
Less: Impairment loss	**(6,681)**	(6,681)
	5,968	–

Particulars of the principal associates as at the balance sheet dates are as follows:

Name of company	Place of incorporation	Issued and fully paid ordinary share capital	Percentage of equity attributable to the Company 2007	Percentage of equity attributable to the Company 2006	Principal activity
Australian Environmental Protection Technology Holdings Limited	British Virgin Islands	US$1,000	**30%**	30%	Investment holding engaged in environmental protection business
Shanghai Gu Hoi Property Management Company Limited* (上海谷海物業管理有限公司)	PRC	RMB3,000,000	**15%**	–	Property management

* *private limited liability company*

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2007	2006
	HK$'000	HK$'000
Unlisted shares	**–**	7,533

Balance represented financial assets of unlisted equity securities stated at cost less impairment losses at 30 April 2006.

22. INVENTORIES

	Group	
	2007	2006
	HK$'000	HK$'000
Raw materials	**9,058**	65
Finished goods	**483**	748
	9,541	813
Less: Provision for slow moving and obsolete inventories	**(483)**	(797)
	9,058	16

23. PROPERTIES UNDER DEVELOPMENT

The Group's interest in properties under development at their net book values are analysed as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
In PRC, held on leases of over 50 years	**1,341,005**	–

23. PROPERTIES UNDER DEVELOPMENT (Continued)

	2007	2006
	HK$'000	HK$'000
At 1 May	**–**	–
Acquisition of subsidiaries	**1,006,518**	–
Additions during the year	**279,231**	–
Exchange realignment	**55,256**	–
At 30 April	**1,341,005**	–

As at 30 April 2007, properties under development amounting to HK$1,341,005,000 (2006: HK$Nil) was pledged as security for bank loan facilities granted to the Group (Note 30).

24. TRADE RECEIVABLES

The aging analysis of the trade receivables is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Current to 3 months	**11,117**	321
4 to 6 months	**50**	421
7 to 12 months	**–**	–
	11,167	742

The credit terms granted by the Group to customers are normally less than 90 days. Provision for doubtful debts was made and thereafter written off when collection of the full amount was no longer probable. Bad debts are written off as incurred.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

24. TRADE RECEIVABLES (Continued)

Included in trade receivables in the balance sheet are mainly the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	Group	
	2007	2006
	'000	'000
Renminbi	**RMB42,564**	RMB–

25. DUE FROM AN INVESTEE COMPANY

The amount due from an investee company was unsecured, interest free and repayable on demand.

26. DUE FROM RELATED COMPANIES

The amounts due from related companies are unsecured, interest free and have no fixed terms of repayment.

27. CASH AND BANK BALANCES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK'000	**HK$'000**	HK$'000
Cash at bank and in hand	**97,624**	32,241	**603**	1,323
Fixed deposits	**48,929**	8,195	**48,929**	8,195
	146,553	40,436	**49,532**	9,518

Included in cash and bank balances in the balance sheet are mainly the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	Group	
	2007	2006
	'000	'000
Renminbi	**RMB95,058**	RMB28,825

28. TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Current to 3 months	**2,170**	38
4 to 6 months	**3,590**	–
7 to 12 months	**1,156**	–
Over one year	**15,531**	418
	22,447	456

Included in trade payables in the balance sheet are mainly the following amounts denominated in a currency other than the functional currency of the Group to which they relate:

	Group	
	2007	2006
	'000	'000
Renminbi	**22,045**	–

29. DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amount due to minority shareholders of subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

30. BORROWINGS

	Group	
	2007	2006
	HK$'000	HK$'000
Current:		
Bank loans, secured (Note (a))	**603,627**	50,000
Other loan, secured (Note (b))	**60,870**	50,000
Loan from a related party, unsecured (Note (c))	**20,290**	–
	684,787	100,000
Non-current:		
Bank loans, secured (Note (a))	**271,886**	–
Other loan, secured	**–**	–
Loan from a related party, unsecured	**–**	–
	271,886	–
Total borrowings	**956,673**	100,000

The maturity of borrowings is as follows:

	2007	2006
	HK$'000	HK$'000
Within 1 year	**684,787**	100,000
Between 1 and 2 years	**10,145**	–
Between 2 and 5 years	**25,363**	–
Wholly repayable within 5 years	**720,295**	100,000
Over 5 years	**236,378**	–
	956,673	100,000

30. BORROWINGS (Continued)

Notes:

(a) Bank loans, secured

(i) At 30 April 2006, the bank loan of approximately HK$50,000,000 was bearing interest at 1% over one-month HIBOR per annum and was secured by investment properties with net book value of approximately HK$115,000,000 and a personal guarantee given by Mr. Yeung. The bank loan has been fully settled on 18 May 2006.

(ii) At 30 April 2007, the Group has total banking facilities amounted to RMB963,800,000 in which RMB863,000,000 of bank loans had been utilised. The banking facilities were secured by certain assets and guarantees given by the Group and certain parties which are detailed as follows:

(i) Assets given by the Group, please refer to notes 14 and 23 for details.

(ii) Corporate guarantee of an aggregate amount of approximately RMB165,800,000 as at 30 April 2007 given by China Power International Holding Limited, the intermediate holding company of the shareholder of the Company.

(iii) Personal guarantee of an aggregate amount of approximately RMB600,000,000 as at 30 April 2007 given by the director of certain PRC subsidiaries of the Company.

(b) Other loan, secured

(i) At 30 April 2006, the loan of approximately HK$50,000,000 was a revolving loan bearing interest at 3% per annum, secured by legal charges over the shares and shareholder's loan of State Empire Limited ("State Empire") and Harbour Wealth Investment Company Limited ("Harbour Wealth"), both wholly-owned subsidiaries of the Group and repayable by 30 May 2006. The lender agrees to bear the interest accrued on the bank loan as disclosed in *note 30(a)(i)* to the financial statements and the Group was entitled to set off the bank loan interest against the interest payable by it to the lender hereunder. The loan has been fully settled on 19 June 2006.

(ii) At 30 April 2007, the loan of approximately RMB60,000,000 was bearing interest at 17% per annum, secured by legal charges over the investment properties of the Group, please refer to note 14 for details. Subsequent to the balance sheet date, the loan has been fully settled.

(c) Loan from a related party, unsecured

At 30 April 2007, the loan of approximately RMB20,000,000 was unsecured and bearing interest at 5.265% per annum. Subsequent to the balance sheet date, the loan has been fully settled.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

31. DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date.

The major deferred income tax liabilities/(assets) recognised by the Group during the current and prior years is as follows:

Group

	Accelerated tax depreciation HK$'000	**Revaluation of investment properties** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 May 2005	1,920	14,582	(567)	15,935
Charge/(credit) to income statement *(Note 10)*	436	(2,517)	(194)	(2,275)
At 30 April 2006 and 1 May 2006	2,356	12,065	(761)	13,660
Acquisition of subsidiaries	–	197,095	–	197,095
Disposal of subsidiaries *(Note 35(b))*	(2,356)	(12,325)	761	(13,920)
Charge/(credit) to income statement *(Note 10)*	–	(6,094)	–	(6,094)
At 30 April 2007	–	190,741	–	190,741

The Group has tax losses arising in Hong Kong of approximately HK$27,864,000 (2006: HK$34,128,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred income tax assets have not been recognised in respect of these losses as these companies have been loss-making for some years.

32. SHARE CAPITAL

	2007		2006	
	Number of shares ’000	**Amount HK$’000**	Number of shares ’000	Amount HK$’000
Authorised:				
Ordinary shares of HK$0.10 each	**6,000,000**	**600,000**	6,000,000	600,000
Issued and fully paid:				
At 1 May	**2,496,023**	**249,602**	1,920,018	192,002
Issue of right shares *(Note (a))*	**–**	**–**	576,005	57,600
Issue of consideration shares *(Note (b))*	**325,000**	**32,500**	–	–
Placement of new shares *(Note (c))*	**400,000**	**40,000**	–	–
At 30 April	**3,221,023**	**322,102**	2,496,023	249,602

(a) Issue of right shares

On 28 September 2005, 576,005,400 new ordinary shares of the Company of HK$0.10 each were issued on the basis of three right shares for every ten existing shares. The net proceeds receivable by the Company under the right issue are approximately HK$55 million.

(b) Issue of consideration shares

The Group issued 325,000,000 ordinary shares on 27 November 2006 to the shareholders of Tianwo Holdings Limited ("Tianwo Holdings") and Tianwo Development Limited ("Tianwo Development") as part of the purchase consideration for 100% of their ordinary share capital. The fair value of the shares issued amounted to HK$78,000,000 (HK$0.24 per share) *(note 35(a)(ii))*.

(c) Shares issue

On 27 November 2006, Wealth Success entered into a conditional placing agreement ("Placing Agreement") to place, on a fully underwritten basis, 400,000,000 existing shares of the Company to independent investors at a placing price of HK$0.275 per share. On the same date, the Company and Wealth Success entered into a conditional subscription agreement to subscribe for 400,000,000 new shares of the Company at HK$0.275 per share.

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33. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme"). The purpose of the Scheme is to enable the Company to grant options to eligible participants, thereby as an incentive or rewards for their contribution to the Group. Eligible participants of the Scheme include the directors, employees, suppliers, customers and shareholders of the Group. Unless otherwise terminated or amended, the Scheme will remain in force for ten years from date of adoption to 31 October 2012.

Pursuant to the Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and options granted and yet to be exercised under any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK$1.00 received by the Company. The exercise period of the share options granted is determinable by the Directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the Directors, but in any case must be in the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(a) The terms and conditions of the grant that existed during the year is as follows, whereby all options are settled by physical delivery of shares:

Name or category of participants	Number of instruments	Date of grant	Exercisable period	Exercise price	Vesting conditions
Director					
Wang Hao	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	HK$0.63	Date of grant
Employees					
In aggregate	41,000,000	9 March 2007	22 March 2007 to 8 March 2017	HK$0.63	Date of grant
	60,000,000	9 March 2007	23 March 2007 to 8 March 2017	HK$0.63	Date of grant
	20,000,000	9 March 2007	28 March 2007 to 8 March 2017	HK$0.63	Date of grant
Total share options	151,000,000				

No option has been granted under the Scheme for the year ended 30 April 2006.

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The number and weighed average exercise prices of share options is as follows:

	2007		2006	
	Weighed average exercise price HK$	**Number of shares ’000**	Weighed average exercise price HK$	Number of shares ’000
Outstanding at the beginning of the year	**–**	**–**	–	–
Granted during the year	**0.6300**	**151,000**	–	–
Outstanding at the end of the year	**0.6300**	**151,000**	–	–
Exercisable at the end of the year	**0.6300**	**151,000**	–	–

The option outstanding at 30 April 2007 had an exercise price of HK$0.63 and a weighted average remaining contractual life of 9.86 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share option is measured based on a Black-Scholes-Metron Option Pricing Model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes-Merton Option Pricing Model.

Fair value at measurement date	$0.125
Share price	$0.63
Exercise price	$0.63
Expected volatility	86.47%
Expected dividends	0%
Risk-free interest rate (based on Exchange of Fund Notes)	3.751%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share option), adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based in historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

(d) Subsequent to the balance sheet date on 8 June 2007, 84,000,000 share options were granted to directors and employees with an exercise price of HK$0.8360 per share with expiry date on 7 June 2017.

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34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 37 of the financial statements.

(b) Company

	Share premium HK$'000	Employee Share-based compensation HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2005	–	–	(105,445)	(105,445)
Net loss for the year	–	–	(19,692)	(19,692)
At 30 April 2006	–	–	(125,137)	(125,137)
At 1 May 2006	–	–	(125,137)	(125,137)
Employee share option benefits	–	18,886	–	18,886
Issue of consideration shares	45,500	–	–	45,500
Issue of new shares	70,000	–	–	70,000
Net loss for the year	–	–	(25,168)	(25,168)
At 30 April 2007	115,500	18,886	(150,305)	(15,919)

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

(i) Rich Crown Transactions

On 10 November 2005, King Vantage Limited ("King Vantage"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement (the "Agreement") with Mr. Ko Tin Kwok ("Mr. Ko") to acquire 51% of the issued share capital and the shareholders' loan of Rich Crown International Industries Limited ("Rich Crown") for an aggregate consideration of HK$168 million (the "Rich Crown Transactions"). Rich Crown holds through Shanghai Goyeah Real Estate Development Co., Limited ("Shanghai Goyeah"), a 59.78% owned subsidiary of Rich Crown, (i) the investment in the Hoi Tung Securities Building Units (being various commercial and office units with a gross floor area of approximately 13,000 square meters and 135 carparks in a commercial and office building located at No. 689 Guangdong Road, Huangpu District, Shanghai, PRC); (ii) a 53.80% equity interest in Shanghai Gu Yuan Real Estate Co., Limited, a company which is principally involved in property investment and development, which owns the Bao Shan Project (being a residential development project known as "Great Garden" to be developed on a parcel of land with a site area of 76,458.1 square meters and located at the Bao Shan District, Shanghai, PRC); and (iii) a 29.89% equity interest in Shanghai Gu Hoi Property Management Co., Limited, a company which is principally involved in property management.

Further on 3 March 2006, King Vantage and Mr. Ko entered into a supplementary agreement in relation to the Rich Crown Transactions. According to the supplementary agreement, the consideration payable by King Vantage was revised to HK$149.5 million.

The consideration was the aggregate of (i) transferring the entire issued share capital and shareholder's loan of Wealth Vantage Limited, a wholly-owned subsidiary of the Group; (ii) transferring the entire issued share capital and shareholder's loan of Dragon Eagle Investments Limited, a wholly-owned subsidiary of the Group; (iii) cash of approximately HK$54 million and (iv) promissory note of approximately HK$9 million.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Acquisition of subsidiaries (Continued)

(i) *Rich Crown Transactions* (Continued)

The Rich Crown Transactions had been approved in the special general meeting of the shareholders held on 7 April 2006; therefore, Rich Crown became a 51% owned subsidiary of the Group effective from 24 May 2006.

From the date of acquisition to 30 April 2007, the subsidiaries contributed net loss of HK$12,924,000 to the net loss for the year of the Group.

The details of assets acquired and liabilities assumed as at the acquisition date were as follows:

	Note	**Pre-acquisition carrying amount** HK$'000	**Fair value adjustments** HK$'000	**Recognised values on acquisition** HK$'000
Property, plant and equipment		1,908	–	1,908
Investment properties		534,391	(5,250)	529,141
Interests in an associate		5,810	–	5,810
Properties under development		1,016,505	(9,987)	1,006,518
Trade receivables		3,351	–	3,351
Prepayments, deposits and other receivables		252,917	–	252,917
Cash and bank balances		103,273	–	103,273
Trade payables		(37,698)	–	(37,698)
Other payables and accruals		(133,791)	–	(133,791)
Loan from a related company		(106,491)	–	(106,491)
Bank loan		(802,023)	–	(802,023)
Other loan		(24,203)	–	(24,203)
Deposit received		(107,001)	–	(107,001)
Tax payable		(30,185)	–	(30,185)
Deferred tax liabilities		(188,236)	–	(188,236)
Minority interests		(268,139)	–	(268,139)
Share of net identifiable assets and liabilities		220,388	(15,237)	205,151
Minority interests				(100,524)
Goodwill on acquisition	*18*			44,873
Consideration				149,500
Satisfied by:				
Disposal of subsidiaries *Note 35(b)(ii)*				86,500
Promissory note				9,000
Cash				54,000
				149,500
Net inflow of cash and cash equivalents in connection with the acquisition of subsidiaries:				
Cash and cash equivalents of the subsidiaries acquired				103,273
Cash consideration paid				(54,000)
				49,273

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Acquisition of subsidiaries (Continued)

(i) *Rich Crown Transactions* (Continued)

The goodwill is attributed to the expected high profitability of the acquired subsidiaries and the significant synergies expected to arise after the Group's acquisition of the subsidiaries.

(ii) *Tianwo Transactions*

On 27 November 2006, pursuant to the passing by the independent shareholders of the resolution at the special general meeting on 24 November 2006 and the completion of the acquisition on 27 November 2006, the Company acquired 100% of the issued share capital and the shareholders' loan of Tianwo Holdings and Tianwo Development from China Power International New Energy Development Limited ("China Power International") ("Tianwo Transaction"). Tianwo Holdings and Tianwo Development are investment holding companies and their principal assets are their direct interests in 60% equity interests in Zhongdian Hongze Thermal Power Company Limited ("Zhongdian Hongze Thermal") and the entire equity interest in Zhongdian Hongze Reproductive Substance Thermal Power Company Limited ("Zhongdian Hongze RSTP"). Both Zhongdian Hongze Thermal and Zhongdian Hongze RSTP are principally engaged in generating thermal power in the PRC.

From the date of acquisition to 30 April 2007, the subsidiaries contributed net profit of HK$381,000 to the net loss for the year of the Group.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Acquisition of subsidiaries (Continued)

(ii) Tianwo Transactions (Continued)

The details of assets acquired and liabilities assumed as at the acquisition date were as follows:

	Note	**Pre-acquisition carrying amount** HK$'000	**Fair value adjustments** HK$'000	**Recognised values on acquisition** HK$'000
Property, plant and equipment		88,171	–	88,171
Leasehold land use right		10,974	–	10,974
Construction in progress		7,829	–	7,829
Inventories		8,270	–	8,270
Trade receivables		11,014	–	11,014
Bills receivable		263	–	263
Prepayment, deposits and other receivables		7,272	–	7,272
Cash and bank balances		23,666	–	23,666
Trade payables		(6,226)	–	(6,226)
Other payables and accruals		(13,265)	–	(13,265)
Loan from a related company		(19,838)	–	(19,838)
Bank loan		(54,555)	–	(54,555)
Deferred income		(3,443)	–	(3,443)
Tax payable		(182)	–	(182)
Minority interests		(13,741)	–	(13,741)
Share of net identifiable assets and liabilities		46,209	–	46,209
Goodwill on acquisition	*18*			31,791
Consideration				78,000
Satisfied by:				
Issue of shares *(Note 32(b))*				78,000
Net inflow of cash and cash equivalents in connection with the acquisition of subsidiaries:				
Cash and cash equivalents of the subsidiaries acquired				23,666

The goodwill is attributed to the expected high profitability of the acquired subsidiaries and the significant synergies expected to arise after the Group's acquisition of the subsidiaries.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(a) Acquisition of subsidiaries (Continued)

(iii) Others

The details of assets acquired and liabilities assumed as at the acquisition date were as follows:

	Note	**Pre-acquisition carrying amount** HK$'000	**Fair value adjustments** HK$'000	**Recognised values on acquisition** HK$'000
Deposit on property		20,433	–	20,433
Goodwill on acquisition	*18*			8,567
Consideration				29,000
Satisfied by:				
Cash				29,000
Net outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:				
Cash consideration paid				29,000

The goodwill is attributed to the expected high profitability of the acquired subsidiaries and the significant synergies expected to arise after the Group's acquisition of the subsidiaries.

(b) Disposal of subsidiaries

(i) State Empire Transactions

On 23 December 2005, Sincere Vantage Limited ("Sincere Vantage"), a wholly-owned subsidiary of the Group, entered into a conditional sale and purchase agreement with Lion Castle Limited ("Lion Castle") to sell the entire issued share capital and the shareholder's loan of State Empire for an aggregate consideration of not less than HK$101 million (the "State Empire Transaction"). State Empire holds through Harbour Wealth, a wholly-owned subsidiary of State Empire, Right Emperor Commercial Building, a 24-storey commercial building located in Central, Hong Kong.

The consideration was the aggregate of (i) the amount of sale share, equal to the consolidated net asset value of State Empire, was approximately HK$59,372,000 and (ii) the amount for the shareholder's loan, was approximately HK$42,675,000.

The State Empire Transactions had been approved in the special general meeting of the shareholders held on 15 June 2006; therefore, State Empire Transactions, were effective from 19 June 2006.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Disposal of subsidiaries (Continued)

(i) State Empire Transactions (Continued)

The details of net assets disposal of at the date of disposal were as follows:

	2007 HK$'000
Net assets disposed of:	
Property, plant and machinery	7
Investment properties	120,000
Trade receivables	266
Prepayments, deposits and other receivables	1,485
Cash and bank balances	2,502
Other payables and accruals	(226)
Due to the Group	57,325
Bank loan, secured	(50,000)
Other loan, secured	(50,000)
Deposits received	(1,770)
Deferred tax liabilities	(13,920)
	65,669
Assignment of amount due from a subsidiary	42,675
Loss on disposal of subsidiaries	(6,297)
Consideration	102,047
Satisfied by:	
Cash	102,047
Net outflow of cash and cash equivalents in connection with the disposal of subsidiaries:	
Cash consideration	102,047
Repayment of other loan	(50,000)
Repayment of bank loan	(50,000)
Cash and cash equivalents of the subsidiaries disposed of	(2,502)
Net outflow of cash and cash equivalents	(455)

The subsidiaries disposed of contributed turnover of HK$907,000 and loss from operation before income tax of HK$3,045,000 to the Group for the year ended 30 April 2007.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Disposal of subsidiaries (Continued)

(ii) Rich Crown Transactions

The details of net assets disposal of at the date of disposal were as follows:

	2007 HK$'000
Net assets disposed of:	
Available – for sale financial assets	7,533
Due from an investee company	30,467
Deposit on acquisition of property under development	32,899
Other payables and accruals	(6)
Due to the Group	(59,551)
	11,342
Assignment of amounts due from subsidiaries	59,551
Gain on disposal of subsidiaries	15,607
Consideration	86,500
Satisfied by:	
Offsetting with consideration of Rich Crown Transactions *Note 35(a)(i)*	86,500
Net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:	
Cash consideration	–
Cash and cash equivalents disposed of	–
Net inflow of cash and cash equivalents	–

The results of the subsidiaries disposed of during the year ended 30 April 2007 have no significant impact on the Group's turnover or loss from operations before income tax for the year ended 30 April 2007.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Disposal of subsidiaries (Continued)

(iii) Others

	2007 HK$'000	2006 HK$'000
Net assets disposed of:		
Amount due from a director	**99**	–
Cash and bank balances	**60**	–
Other payables and accruals	**(51)**	–
Due from the Group	**1,790**	–
Tax payable	**(29)**	–
Minority interests	**726**	–
	2,595	–
Amounts due to subsidiaries written off	**(1,790)**	–
Assignment of amounts due from subsidiaries	**–**	–
Translation reserve realised	**–**	–
Loss on disposal of subsidiaries	**(805)**	–
Total consideration	**–**	–
Net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:		
Cash consideration	**–**	–
Cash and cash equivalents disposed of	**(60)**	–
Net inflow of cash and cash equivalents	**(60)**	–

The results of the subsidiaries disposed of during the year ended 30 April 2007 have no significant impact on the Group's turnover or loss from operations before income tax for the year ended 30 April 2007.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

36. COMMITMENTS

(a) Capital commitments outstanding at 30 April 2007 not provided for in the financial statements were as follows:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK'000	**HK$'000**	HK$'000
Contracted but not provided for				
– Acquisition of fixed assets	**159,149**	–	**317**	–

(b) At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**19,599**	2,034	**1,727**	1,208
After one year but within five years	**15,200**	767	**2,854**	519
After five years	**569**	–	**–**	–
	35,368	2,801	**4,581**	1,727

37. RELATED PARTY TRANSACTIONS

(a) Transactions with related companies

In addition to those disclosed elsewhere in the financial statements, the following is a summary of significant related party transaction entered into in the normal course of business between the Group and its related parties during the year.

(i) Pursuant to the power purchase agreements entered into between the Group and the respective provincial power companies, which are regarded as state-owned enterprises, all the Group's sales of electric power were made to those electric power companies. Whilst these companies are related parties of the Group as defined under HKAS 24, the directors are of the opinion that each party is operating independently; and the tariff rates are to be agreed with the respective electric power companies, subject to the approval of the relevant government authorities.

(ii) During the year, Zhongdian Hongze RSTP entered into a construction contract with a related company which is under common control of the management of China Power International, a substantial shareholder of the Company, at a total contract sum of approximately RMB92 million for the construction of power plant and a total payments of approximately RMB23 million was made in accordance with the terms of the contract.

37. RELATED PARTY TRANSACTIONS (Continued)

(iii)

Related parties	Nature of transactions	Term and pricing policies	2007 HK$'000	2006 HK$'000
Related companies	Purchases *(Note (i))*	*Note (iii)*	**905**	–
	Sales *(Note (i))*	*(Note (iii))*	**(7,721)**	–
	Rental income *(Note (ii))*	*(Note (iii))*	**(4,637)**	–
	Interest expenses *(Note (ii))*	*(Note (iii))*	**4,475**	–
	Disposal of property, plant and equipment *(Note (ii))*	*(Note (iii))*	**(150)**	–

Notes:

(i) subsidiaries of a minority shareholder of a subsidiary

(ii) Mr. Ko, a director of certain PRC subsidiaries of the Company has beneficial interests in the companies

(iii) Agreed by parties concerned

(b) Key management personnel remuneration

Remuneration for key management personnel represents amounts paid to directors and individual with highest emolument as disclosed in note 8.

38. EVENTS AFTER THE BALANCE SHEET DATE

(a) Tianhan Transactions

On 7 February 2007, China Power (New Energy) Holdings Limited ("New Energy"), a wholly-owned subsidiary of the Group, entered into a share sale agreement (the "Agreement") with China Power International New Energy Development Limited ("China Power International") whereby New Energy agreed to acquire 44% of the issued share capital of Tianhan Development Limited ("Tianhan Development") for a consideration of HK$102.7 million (the "Tianhan Acquisition").

The principal asset of Tianhan Development is its 100% shareholding in 中電國際新能源(上海)控股有限公司 (China Power International New Energy (Shanghai) Holding Company Limited*) ("Shanghai Co.") which has a registered paid-up capital of US$30 million (equivalent to approximately HK$233 million).

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FOR THE YEAR ENDED 30 APRIL 2007

38. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

(a) Tianhan Transactions (Continued)

In January 2007, Shanghai Co. agreed to invest and did invest in 24% of the registered capital of Shanghai Dong Hai Wind Power Electricity Generating Company Limited* (上海東海風力發電有限公司)(" Shanghai Dong Hai"). Shanghai Dong Hai has been awarded the right to build, operate and manage a 100 MW sea wind electricity generating plant located near Dong Hai Bridge, Shanghai, PRC ("Sea Wind Power Plant").

The Sea Wind Power Plant is expected to cost approximately RMB2.3 billion, which will be financed by (a) a part or all of the capital funds, the total of which will amount to RMB460 million, of Shanghai Dong Hai; and (b) banking facilities as to the remaining balance. The construction of the Sea Wind Power Plant is expected to commence shortly and to be completed by the end of 2008. Save for the investment in Shanghai Dong Hai of approximately RMB55 million as mentioned above, cash of approximately RMB173 million and other receivables of approximately RMB4 million, the Tianhan Development and Shanghai Co. did not have any other significant assets, liabilities and/or operations as at 31 January 2007.

The total registered capital of Shanghai Dong Hai is RMB460 million and the share of Shanghai Co.'s interest is approximately RMB110 million. Cash of approximately RMB55 million was paid to Shanghai Dong Hai as a first installment for its registered capital in January 2007. The remaining 76% of the registered share capital of Shanghai Dong Hai is owned by 中國大唐集團公司(China Da Tong Corporation*), 上海綠色環保能源有限公司(Shanghai Green Environmental Energy Company Limited*), and 中廣核能源開發有限責任公司(China Guangdong Nuclear Energy Development Company Limited*) as to 28%, 24% and 24% respectively.

On 2 May 2007, the Group paid the consideration of HK$102.7 million in full by delivery of 395,000,000 new shares of the Company at a price of HK$0.26 to China Power International.

The Tianhan Acquisition constituted, under the Listing Rules, a connected and discloseable transaction, the details of which were set out in the circular issued by the Company on 15 March 2007. The Tianhan Acquisition had been approved in the special general meeting of the shareholders held on 2 April 2007; therefore, Tianhan Development became a 44% owned jointly controlled entity of the Group effective from 2 May 2007.

On 2 August 2007, China Power New Energy Holdings entered into a framework agreement with China Power International in relation to the proposed acquisition by the Group of the remaining 56% in the issued share capital of Tianhan for a consideration of HK$150,000,000. Subject to entering into a formal agreement and fulfillment of the conditions contained therein, the acquisition of the remaining interest in Tianhan is expected to be completed within the 2007/2008 financial year whereupon Tianhan will become a wholly-owned subsidiary company of the Company.

38. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

(a) Tianhan Transactions (Continued)

Up to the date of approval of these financial statements, there is insufficient financial information available to the Group to identify and determine the fair value to be assigned to the identifiable assets, liabilities and contingent liabilities assumed for the purpose of allocation of purchase price and calculation of goodwill.

(b) Dongguan transactions

(i) By an agreement in writing dated 9 May 2007 and made between Top Wave Holdings Limited ("Top Wave"), an indirect wholly-owned subsidiary of the Company, as purchaser of the one part and Top Dragon Asia Limited ("Top Dragon") (being the legal and beneficial owner in respect of the entire issued share capital and shareholder's loans, if any, of Skycosmos Investment Limited ("Skycosmos"), which through its wholly-owned subsidiary company, Smartjoy Limited ("Smartjoy"), indirectly holds 40% of the entire issued share capital of Dongguan Dong Cheng Dong Xin Heat and Power Company Limited ("DDCDX Heat and Power")), as vendor of the other part, Top Wave agreed to purchase from Top Dragon and Top Dragon agreed to sell to Top Wave the entire issued share capital of Skycomos and shareholders's loan thereof, if any, for a consideration of HK$316 million.

DDCDX Heat and Power is principally engaged in the operation of a natural gas and oil power generating plant in Dongguan, PRC. This plant started operation in or around February 2006, utilizing natural gas and/or oil as fuel to generate electricity, and occupies a site area of approximately 111,900 square meters. Currently, this power plant has two power generating units with capacity to generate approximately 360MW per hour. The electricity generated by this power plant is transmitted to the grid of Dongguan City Electricity Supply Bureau for supplying electricity to industries in the vicinity.

Around September 2005, DDCDX Heat and Power commenced its trial-run operations and in February 2006, it obtained formal approval from the National Development and Reform Commission of the PRC and generated a total turnover of approximately RMB523 million for the year ended 31 December 2006. DDCDX Heat and Power has been achieving an average unaudited net profit after tax of approximately RMB8 million (prepared under PRC GAAP) per month for the period from 1 October 2006 to 31 March 2007.

(ii) By an agreement in writing dated 9 May 2007 made between Sky Excel Group Limited ("Sky Excel"), an indirect wholly-owned subsidiary of the Company, as purchaser of the one part and Newlead Limited ("Newlead") as vendor of the other part, Sky Excel agreed to purchase from Newlead and Newlead (being the legal and beneficial owner of the entire issued share capital and shareholder's loans, if any, of Worldtron Limited, which through its wholly-owned subsidiary, Daygain Enterprises Limited, indirectly holds 40 % of the entire issued share capital of Dongguan City Kewei Environmental power Company Limited* ("Dongguan Kewei")), at a consideration of HK$122 million.

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FOR THE YEAR ENDED 30 APRIL 2007

38. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

(b) Dongguan transactions (Continued)

(ii) (Continued)

Dongguan Kewi is principally engaged in the operation of a waste incineration power plant in Dongguan, PRC. This plant started operation in or around July 2005, utilizing municipal waste and/or garbage combined with coal to generate electricity, and occupies a site area of over 120,000 square meters. Currently, this power plant has the capacity to process approximately 400,000 tons of domestic garbage per year generating approximately 700MW of electricity for sale per year. The electricity generated by this power plant is also transmitted to the grid of Dongguan City Electricity Supply Bureau for supplying electricity to industries in the vicinity.

Upon signing of these two agreements, the Group paid the HK$43.8 million deposits. Upon completion of the acquisition, the Group paid the remaining consideration by ways of (i) cash of approximately HK$244.4 million; and (ii) issue of 214 million new shares at a price of HK$0.7 per share of approximately HK$149.8 million.

The Dongguan Acquisitions constituted, under the Listing Rules, a very substantial acquisition, the details of which were set out in the circular issued by the Company on 22 June 2007. The Dongguan Acquisitions had been approved in the special general meeting of the shareholders held on 10 July 2007 and were completed on 1 August 2007.

Up to the date of approval of these financial information available to the Group to identify and determine the fair value to be assigned to the identifiable assets. Liabilities and contingent liabilities assumed for the purpose of allocation of purchase price and calculation of goodwill.

(c) Employee share-based compensation benefits

On 8 June 2007, 84,000,000 share options were granted to directors and employees with an exercise price of HK$0.836 per share (Note 33(d)).

(d) Proposed investment in Power Plant Projects

On 2 August 2007, the Company had entered into another two Framework Agreements with China Power International in relation to the proposed acquisition by the Group of:

(i) 100% of the entire issued capital and shareholder's loan of CPI (Fujian), which on completion shall be the sole legal and beneficial owner and lawful operator of Fujian Shaxikou for a consideration of HK$1,230,000,000; and

(ii) 90% of the entire issued share capital and shareholders' loan of Gansu China Power for a consideration of HK$250,000,000;

The signing of the Agreements and hence the Proposed Acquisition have not yet been proceeded up to the date of this memorandum.

38. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

(e) Subscription for new shares

On 15 August 2007, the Company entered into two conditional subscription agreements with two independent subscribers for the proposed issuance of an aggregate of 1,300,000,000 new shares of the Company. The net proceeds from the proposed subscription is estimated to be approximately HK$1,053 million. Completion of each of the abovementioned subscription agreements is subject to a number of conditions, including the passing of the relevant ordinary resolutions by shareholders of the Company at a special general meeting to be convened.

(f) Placing and subscription of shares

On 2 May 2007, Wealth Success and the Placing Agent entered into a conditional placing agreement ("Placing Agreement") pursuant to which (a) the Placing Agent has agreed to place, on a fully underwritten basis, 640,000,000 shares ("Placing Shares") held by Wealth Success to more than 6 independent third parties at a price of HK$0.905 per share, and (b) Wealth Success has agreed to grant the Placing Agent, exercisable at the sole discretion of the Placing Agent, of an option ("Option") to require Wealth Success to sell up to an additional 90,000,000 shares, in addition to the Placing Shares, at the same price as the Placing Shares and subject to and in the terms of the Placing Agreement ("Share Placing").

On the same date, the Company and Wealth Success entered into a conditional subscription agreement ("Subscription Agreement") pursuant to which the Company has conditionally agreed to allot and issue 640,000,000 shares at HK$0.905 per share ("Share subscription").

The placing of a total of 730,000,000 shares (which included the exercise of the Option in full in respect of 90,000,000 shares) was completed on 7 May 2007. Share Subscription of 640,000,000 new shares to Wealth Success was completed on 14 May 2007.

Following the completion of the Share Placing and Share Subscription, Wealth Success owned in aggregate 1,003,026,000 shares, representing approximately 23.57% of the issued share capital of the Company as enlarged by the issue of the subscription shares.

(g) Increase in authorised share capital

Pursuant to an ordinary resolution passed in a special general meeting held on 1 June 2007, the authorised share capital of the Company was increased to HK$10,000,000,000 by the creation of an additional 4,000,000,000 ordinary shares of HK$0.10 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation (where applicable).

FINANCIAL SUMMARY

ASSETS, LIABILITIES AND MINORITY INTEREST

	Year ended 30 April				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS	**790,360**	176,730	227,043	83,875	53,052
CURRENT ASSETS	**1,598,501**	105,353	21,459	11,105	82,310
TOTAL ASSETS	**2,388,861**	282,083	248,502	94,980	135,362
CURRENT LIABILITIES	**(1,252,073)**	(139,955)	(137,944)	(2,619)	(21,469)
NON-CURRENT LIABILITIES	**(466,048)**	(13,660)	(15,935)	(65)	–
NET ASSETS	**670,740**	128,468	94,623	92,296	113,893
MINORITY INTERESTS	**349,114**	(17,774)	(18,904)	–	–