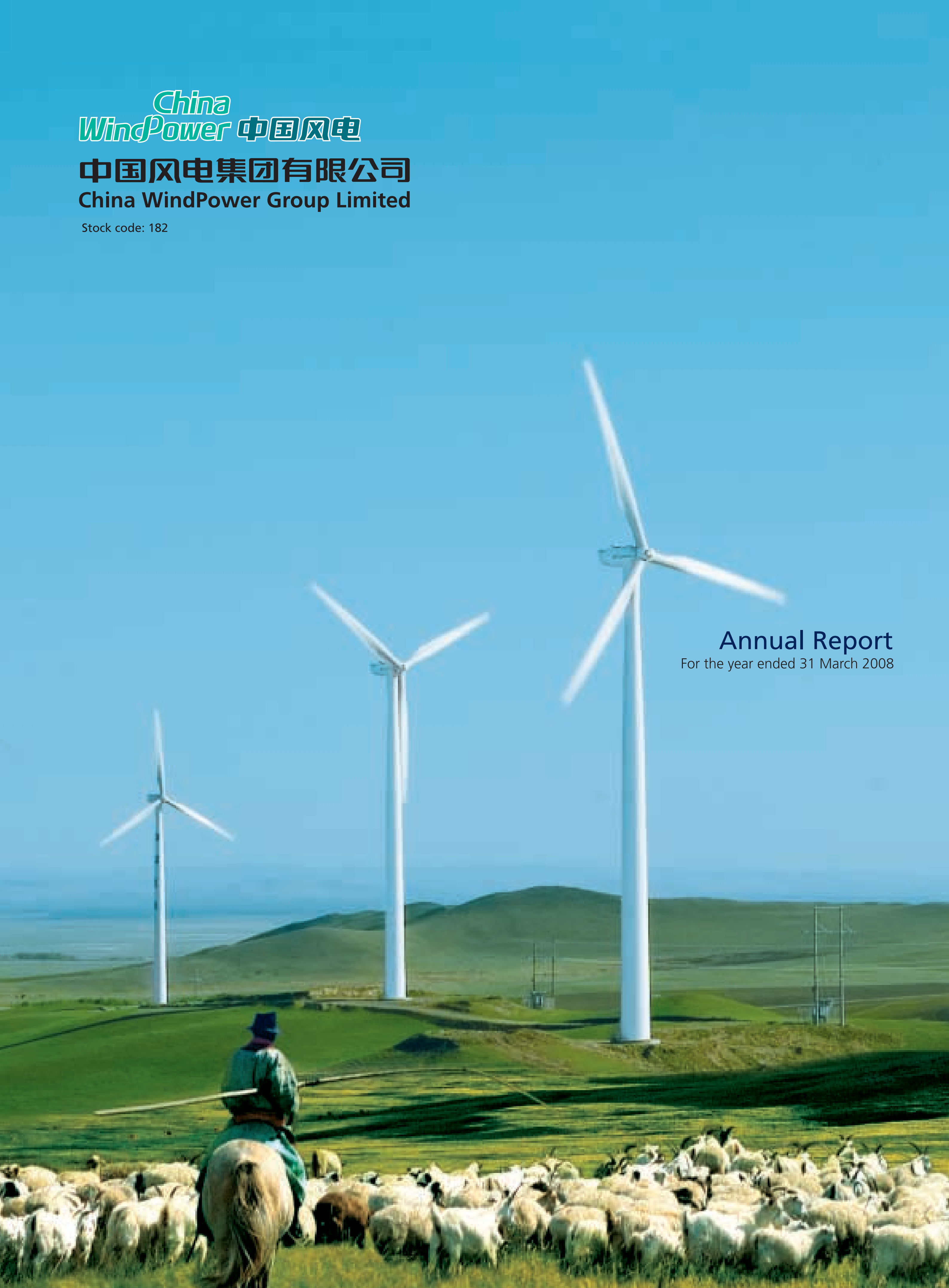
中国风电集团有限公司

China WindPower Group Limited

Stock code: 182



Annual Report

For the year ended 31 March 2008

Contents

Corporate Information

Board of Directors

Chairman

Mr. Ko Chun Shun, Johnson

Executive Directors

Mr. Liu Shunxing *(Chief Executive Officer)*
Mr. Wang Xun
Mr. Yang Zhifeng
Ms. Liu Jianhong
Mr. Chan Kam Kwan, Jason

Non-executive Director

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors

Mr. Ho Tak Man, Billy
Mr. Yap Fat Suan, Henry
Dr. Wong Yau Kar, David

Company Secretary

Mr. Chan Kam Kwan, Jason

Qualified Accountant

Mr. Wong Kwan Kit, Eric

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Bankers

Hang Seng Bank
DBS

Solicitors

Baker & McKenzie

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office in Hong Kong

Suite 3901, Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Branch Share Registrar and Transfer Office in Hong Kong

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

Website

www.chinawindpower.com.hk
www.irasia.com/listco/hk/chinawindpower

Chairman's Statement

On behalf of the Board of Directors (the "Board") of China WindPower Group Limited ("China WindPower" or "the Group"), I am pleased to present the results of the Group for the year ended 31 March 2008. Since the Group acquired a wind power business on 1 August 2007, it has made tremendous progress with revenue and net profit surging to HK$324,936,000 and HK$108,087,000 respectively for the year ended 31 March 2008, as compared to revenue of HK$59,483,000 and net profit of HK$33,598,000 for the previous year.

To fund the Group's development, we raised net proceeds of approximately HK$923,779,000 last year through the placement of new shares. All of these proceeds are specifically earmarked for our wind power business. The effect is being reflected in the results reported above and we hope to report even better results in future as we grow our Group and develop our extensive wind resources.

During the year we achieved the various milestones we set for ourselves. As planned, we invested in seven wind power plants with a total planned capacity of 318 MW and completed construction, installation and configuration of three of these plants. We now have four wind power plants either operational or becoming operational imminently with an aggregate installed capacity of 170 MW. Last year, we boosted wind power resources by 1,000 MW (wind power assessment completed) to a total of around 6,000 MW. Given the rapid growth of the wind power market in China, (last year China's installed wind power capacity again increased by 100%), we consider human resources as another strategic asset. We are gratified by our success in attracting talented and experienced professionals in the industry with expertise in project design, engineering, construction and operation. We now have a total staff of 240 in our wind power business and we are continuing to recruit more to support the strong growth of our business.

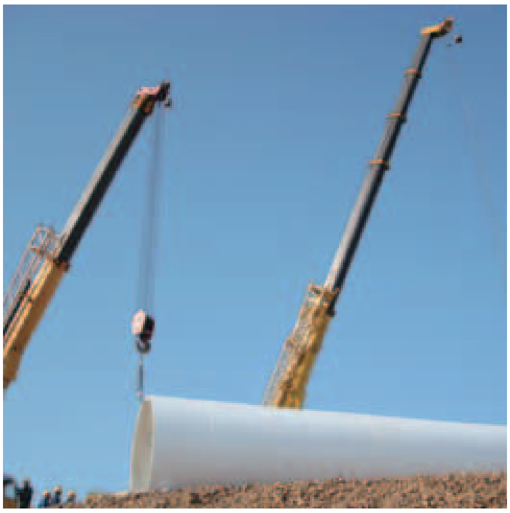
In the past few years, due to growing demand for energy, the international prices of coal and crude oil have been increasing, recently at an accelerating pace. With increased usage of fossil fuels, more and more damage is done to the natural environment. This has forced governments to give a higher priority than in the past to environmental protection. Many governments have implemented laws and regulations to promote development of renewable energy, including the Chinese Government which implemented The PRC Renewable Energy Law in 2006 among various other rules and regulations in support of renewable energy. These rules and regulations, higher fossil fuel prices and heightened environmental awareness have given a strong push to the development of renewable energy in China from which we are benefiting.

Our wind power business has developed very rapidly since its acquisition and this momentum is expected to continue. This year, we plan to complete six to eight wind power plants. The operation of wind power plants give rise to carbon credits. Last year we contracted to sell at a fixed price the carbon credits for four plants of approximately 340,000 tonnes per year. I expect that the wind power business will contribute an even more significant portion of the turnover and asset of the Group in 2008. We will constantly monitor the prospects for our other business in order to decide whether it should remain as part of our core business and, if appropriate, we shall consider disposing of it. In the years to come, I expect our Group will develop into an international wind power electricity generation enterprise of some stature. We will strive to create attractive returns for shareholders while contributing to improving the environment.

On behalf of the Board, I want to express my gratitude and appreciation to the management team and all staff for their hard work, and also to shareholders, our business partners, various institutions and communities for their support to the Group.

KO Chun Shun, Johnson
Chairman

Hong Kong, 17 June 2008



◀ 1. Preparing to install the tower tube

◀ 2. Lifting the tower tube

4. Preparing to install the blades

3. Lifting the wind turbine

6. Completing the installation

5. Lifting the blades

Management Discussion and Analysis

Operations Review

The Group acquired China Wind Power Holdings Limited ("China Wind Power") on 1 August 2007, the details of which were contained in the circular of the Company dated 13 July 2007. During the year, the Group made solid progress in the development of its wind power business. The Group's Chinese medicine and healthcare product operation under the "Nam Pei Hong" brand also achieved a satisfactory turnaround during the year.

During the year under review, the Group recorded a consolidated revenue of HK$324,936,000, compared to HK$59,483,000 in the previous year. The wind power business accounted for 67% of the Group's total revenue. Profit attributable to equity holders was HK$100,064,000 (2007: HK$33,598,000). Basic earnings per share were 2.90 HK cents (2007: 2.67 HK cents) and fully diluted earnings per share were 1.90 HK cents (2007: 2.24 HK cents).

Wind Power Business

This segment recorded a revenue of HK$216,344,000 and a profit of HK$98,900,000.

The Group's wind power business made remarkable progress and achievements in the following areas:

1. **Investment in wind power plants:**

   During the year, the Group invested HK$361,958,000 in the equity capital of seven wind power plants.

   In mid-August 2007, the Group commenced construction of wind power plants in Taipusiqi and Erlianhaote in Inner Mongolia, and Zhenlai in Jilin. Construction of these three wind power plants was substantially completed in March 2008, and fine-tuning of power grid connection configuration is currently underway. The plants are expected to begin commercial operation imminently. Construction of the other four wind power plants is progressing on schedule for completion in calender year 2008.

   Chang Tu Wind Power plant, in which the Group owns a 25% equity interest, started generation in January 2007. By the end of December 2007, it had generated around 70,000,000kWh.

   The electricity output of the plant for the year was affected by two major factors. Firstly, since it was in its first year of operation, fine-tuning was required in connection with the power grid. Secondly, 2007 was a poor year in terms of wind. Most of the wind power plants in Northeastern, Northern and Western China reported below average generation output during 2007.

   Improved wind conditions are expected in 2008. In April 2008, the Chang Tu Wind Power plant generated 12,000,000kWh of electricity. (Seasonally, April has very favourable wind conditions). It is expected that the designed power generation capacity will be achieved in 2008.

   Last year, the Group increased its wind power resources by approximately 1,000MW. The Group's wind power resources now total approximately 6,000MW in Northern, Northeastern and Northwestern China. The Group secured these wind resources through exclusive development agreements with local government authorities.

2. **Wind power engineering, procurement and construction service ("EPC"):**

   The Group substantially completed construction of three wind power plants during the financial year and recorded HK$94,018,000 in turnover. The average construction period was seven months, including four months of winter. Winter last year was harsh, posing a lot of challenges to the construction team.

   On the wind power technical consultation and services front, the Group completed seven wind power projects in the financial year, translating into turnover of HK$27,160,000.

Management Discussion and Analysis

Wind Power Business *(Continued)*

2. **Wind power engineering, procurement and construction service ("EPC"):** *(Continued)*

   In respect of maintenance service provision, the wind power maintenance company of the Group is among the first batch of professional maintenance service providers in the country. Currently, the Group provides maintenance services for four wind power plants and is exploring cooperation opportunities with certain international well-known professional wind power maintenance companies to expand its business.

3. **Manufacturing and other:**

   During the year, the Group manufactured 95 wind tower tubes for three wind power plants.

   The Group's associated company in Zheng Zhou has completed the design of gearboxes for 750KW and 1,500KW wind turbines.

   The Group has established a procurement centre to oversee the purchase of equipment and raw materials. The Group centralized the control of construction services and equipment procurement in order to lower cost, and improve the monitoring of construction progress so as to ensure efficiency and quality. The Group purchased critical equipment and materials such as wind turbines and steel for six wind power plants in December 2007. This has lowered procurement costs and will ensure smooth construction progress of its wind power plants.

   The Group set up an electricity engineering design company during the year. The Company is able to provide high value-added services such as feasibility studies, technical consultancy, engineering design and micro-site selection. Apart from providing technical support to the four existing wind power projects of the Group, it also seeks to offer its services to the rapidly growing wind power service market.

Nam Pei Hong

The well-known "Nam Pei Hong" brand of the Group operates wholesale and retail of Chinese medicines, healthcare products and dried seafood and provides Chinese medical out-patient service. During the year, it recorded revenue of HK$83,781,000 and a profit of HK$1,012,000. The turnover and loss for last year were HK$58,369,000 and HK$2,404,000 respectively.

Nam Pei Hong achieved growth due to the enhanced business strategy of the Group. During the year, the Group continued to consolidate and rationalize its retail network, control costs, maximize sales through quality products and services at competitive prices. Looking ahead, the Group will actively seek to expand its distribution channels and expand its product mix to sustain growth.

Acquisition and Disposal of subsidiaries

On 29 April 2007, the Company entered into a conditional Sale and Purchase Agreement ("the S&P Agreement") with China Wind Power Investment Limited ("Vendor"), under which the Company agreed to acquire the entire issued share capital of China Wind Power, a limited liability company incorporated in the British Virgin Islands. The minimum consideration for the acquisition is HK$100,000,000 and the maximum consideration is HK$200,000,000 depending on the audited net consolidated profit of China Wind Power and its subsidiaries for the period from the completion date of acquisition to 31 March 2008 or the year immediately following the completion of the S&P Agreement. The consideration for the acquisition was settled by the issue of the convertible notes. The acquisition was completed on 1 August 2007 and the amount of the goodwill and intangible asset arising as a result of the acquisition was approximately HK$903,142,000. Details of the transactions are disclosed in the Company's circular dated 13 July 2007.

Management Discussion and Analysis

Acquisition and Disposal of subsidiaries

(Continued)

China Wind Power is principally engaged in the operation, management and investment in wind power electricity generating facilities in PRC. China Wind Power is also engaged in the development, manufacture and sale of plant and equipment for wind power electricity generating facilities.

During the year ended 31 March 2008, the Group disposed of 50% of its investment in Century Concord Energy Investment Limited to an independent third party, and disposed of its investment in Healthy Form Investments Limited to another independent third party, for considerations of HK$36,000,000 and HK$28,600,000 respectively. As a result of the disposals, the Group recognised a net gain of, approximately HK$15,000,000.

Liquidity and financial resources

As of 31 March 2008, the Group had cash or cash equivalents of around HK$335,531,000 (2007: HK$22,669,000). The current ratio of the Group was 6.87 times (2007: 2.87 times). Its gearing ratio (long term debts over equity and long term debts) was 0.06 compared to 0.38 at 31 March 2007. The Group's consolidated net assets value stood at around HK$1,948,000,000 (2007: HK$17,500,000).

Foreign Exchange Risk

The Group's financial statements are presented in Hong Kong dollars. The income and expenditure (including capital expenditure) of certain of its principal businesses are denominated in Renminbi. As at the balance sheet date, the Group's net borrowing amounted to HK$6,701,000 (2007: nil). The Group did not engage in the use of any other financial instruments for hedging purposes but the Directors do not expect that there is material exchange risk.

Capital Structure

On 1 August 2007, the Company issued first tranche convertible notes of HK$100,000,000 to settle part of the consideration for the acquisition of China Wind Power. The convertible notes, with 1% coupon rate, are convertible at the option of the holder, in whole or in part on or before 1 August 2012, into new shares of the Company at the conversion price of HK$0.099 per share, subject to adjustment. Details of the transaction are disclosed in the Company's circular dated 13 July 2007.

Pursuant to the S&P Agreement for the acquisition of China Wind Power, the Company shall issue the second tranche convertible notes of another HK$100,000,000, subject to the agreed profit target being met. It is anticipated the second tranche convertible note will be issued subsequent to the date hereof. A total of 2,020,202,020 ordinary shares of HK$0.01 each will be issued upon the full conversion of the first and second tranche convertible notes.

Charge of assets

At the balance sheet date, the Group did not have any charges of assets.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 March 2008 and 31 March 2007.

Commitments

As at 31 March 2008, the Group had made capital commitments of HK$197,036,000 which were not accounted for in the financial statements. The amount was mainly capital committed for investment in wind power plants.

Also as at 31 March 2008, rental payments under non-cancellable operating lease payable within one year amounted to HK$19,145,000.

Management Discussion and Analysis

Staff and Remuneration

As at 31 March 2008, the Group had 318 full-time employees, of whom approximately 220 were in China and 98 were in Hong Kong. The remuneration of employees includes salary and discretionary bonus. The Group also grants share options to provide incentive to employees.

The staff remuneration policy and package, including share options, of the Group is reviewed regularly by the management to ensure that employees are remunerated according to merit and performance and to ensure that the Group's remuneration policy is competitive compared with market levels.

Prospects

The wind power business has developed very rapidly since its acquisition and this momentum is expected to continue. As a result, the Board expects that the wind power business will represent an even more significant portion of the turnover and asset of the Group in future. We will constantly monitor the prospects for our other business in order to decide whether it should remain as part of our core business and, if appropriate, we shall consider disposing of it.

The Group currently has wind resources with power electricity generation capacity of approximately 6,000MW. This total includes a 200MW wind power project in Jiuquan, Gansu province awarded by the National Development and Reform Commission. Developing these resources will sustain rapid growth of our business.

In 2008, the Group plans to build six to eight wind power plants via joint ventures, each with an installed capacity of around 50MW. Our projects will be supported by the design, engineering, construction, tower tubes manufacturing and maintenance arms of the Group. Given the Group's accelerating development of its wind resources, these various arms of the Group are being expanded by recruitment and in-house training and in the case of the tower tubes manufacturing arm, by expansion of its production capacity. The Group will also monitor the demand and supply of other wind power related equipment market to identify potential business opportunities in the rapidly growing wind power market in China. In addition, the Group's wind power service company will also be actively developing market coverage and rendering professional wind power services to other projects.

Biographical Details of Directors and Senior Management

1. Mr. Ko Chun Shun, Johnson
2. Mr. Liu Shunxing
3. Mr. Wong Kwan Kit
4. Mr. Cheng Guang
5. Mr. Chan Kam Kwan, Jason
6. Ms. Liu Jianhong
7. Mr. Wang Xun
8. Mr. Yang Zhifeng
9. Mr. Wang Yaobo
10. Mr. Luo Maofeng
11. Mr. Xie Jianmin

Executive Directors

Mr. Ko Chun Shun, Johnson, aged 57, was appointed Chairman of the Group in 2006. He is also the Chairman of DVN (Holdings) Limited, Varitronix International Limited and MAE Holdings Limited. The above companies are listed on the Hong Kong Stock Exchange. Mr. Ko also served as an independent board member of Sports Supply Inc from 1996 to 2003 and of The DII Group, Inc from 1999 until April 2000 when it merged with Flextronics International Limited. These two companies are listed on NYSE and NASDAQ, respectively.

Mr. Liu Shunxing, aged 46, joined the Group in 2007. He is the Chief Executive Officer of the Company and is also a director of various subsidiaries of the Group. Mr. Liu received his first degree in Electricity Generation from Tianjin University and was awarded a master degree of Energy Source Economy Management from the Management College of Harbin Institute of Technology. Mr. Liu is a council member of China Energy Research Institute and a deputy director of the China Special Interest Committee of Thermoelectricity. He once worked in National Development and Reform Commission and was formerly a vice-president of China Energy Conservation Investment Corporation for eight years. He is an acknowledged expert in the wind power industry and has directly overseen the successful funding and construction of three wind power plants.

Biographical Details of Directors and Senior Management

Mr. Wang Xun, aged 41, joined the Group in 2007. He is the Vice President of the Company and is also a director of various subsidiaries of the Group. Mr. Wang holds a Bachelor degree from International Politics College. Mr. Wang has devoted himself to wind power industry since 1999. Mr. Wang had served as one of the board members of Farsight Group and the President of its wind power division. Mr. Wang had also been the General Manager of Beijing Shenzhou Wind Power Co., Ltd, the General Manager and Vice President of Ninxia Clean Sky Shenzhou Wind Power Co., Ltd, and the General Manager of Jiangsu Lianneng Wind Power Co., Ltd. Prior to joining the Group, Mr. Wang had held certain senior positions in Golden Concord Holdings Limited, a company engaged in renewable energy investment and was responsible for wind power business.

Mr. Yang Zhifeng, aged 37, joined the Group in 2007. He is the Vice President of the Company and is also a director of various subsidiaries of the Group. Mr. Yang holds his Master degree in International Finance from Renmin University of China. He began his career as a project manager of Chinese Energy Conservation Investment Corporation. As one of the sponsors, he has served successively as the Vice General Manager, General Manager, and President of Beijing Huaming Light Group since 1996. In 2002, he was also promoted to the concurrent position — the General Manager of Asset Management and Operation Department in Chinese Energy Conservation Investment Corporation.

Ms. Liu Jianhong, aged 39, joined the Group in 2007. She is the Vice President and is also a director of various subsidiaries of the Group. Ms. Liu holds her Master degree from the Law School of Renmin University of China. She was the Chief Legal Officer of Chinese Energy Conservation Investment Corporation where she was engaged in asset management, asset restructuring of state enterprises, merger and acquisition and legal affairs.

Mr. Chan Kam Kwan, Jason, aged 35, is also the company secretary of the Company since 2006. Mr. Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce Degree and is a member of the American Institute of Certified Public Accountants. Mr. Chan has more than 10 years of experience in corporate finance.

Non-Executive Director

Mr. Tsoi Tong Hoo, Tony, aged 44, became a director of the Group in 2006. Mr. Tsoi graduated from the University of Western Ontario, Canada with a Bachelor of Business Administration degree. He has been a Chartered Financial Analyst since 1989, and has extensive experience in the areas of investment research, investment banking and corporate management. Mr. Tsoi is a member of the Listing Committees of the Growth Enterprises Market and Main Board of the Stock Exchange. Mr. Tsoi is the Chief Executive Officer and an executive director of Varitronix International Limited, which is listed on the Main Board of Stock Exchange.

Independent Non-Executive Directors

Mr. Ho Tak Man, Billy, aged 58, holds a Bachelor of Medicine and Bachelor of Surgery degree from the University of Hong Kong and is a general practitioner in Hong Kong. Mr. Ho has been an independent non-executive Director of the Company since 2006.

Mr. Yap Fat Suan, Henry, aged 61, has been an independent non-executive Director of the Company since 2006. He is also a committee member of the Audit Committee and the Remuneration Committee of the Company. He holds a master degree in Business Administration from the University of Strathclyde, Glasgow, in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 16 years of experience in finance and accounting. He retired as the managing director of Johnson Matthey Hong Kong Limited in June 2007 and prior to that appointment he was the general manager of Sun Hung Kai China Development Limited. Mr. Yap is also the independent non-executive director of DVN (Holdings) Limited, which is listed on the Stock Exchange.

Dr. Wong Yau Kar, David, aged 51, has been an independent non-executive Director of the Company since 2006. Dr. Wong holds a doctor's degree in economics from University of Chicago. Dr. Wong has extensive experience in direct investments and corporate finance. Currently, Dr. Wong is the managing director of United Overseas Investments Limited. Dr. Wong has also been actively participated in public services and to name a few, he has been a council member of the Hong Kong Institute of Directors since 1999 and a vice-president of the Chinese Manufacturers' Association of Hong Kong. Dr. Wong is an independent non-executive director of Asian Union New Media (Group) Limited, which is listed on the Stock Exchange.

Senior Management

Mr. Luo Maofeng, aged 43, joined the Group in 2007. He is the Vice CEO of the Company, and presides over overseas business. Mr. Luo is an Irrigation and Hydropower Construction Master Degree holder of Dalian University of Technology, and also a UK Registered Civil Engineer. He formerly has been appointed as the Department Principal of China Harbour Engineering Bureau.

Mr. Xie Jianmin, aged 44, joined the Group in 2007. He is the General Engineer of the Company. He is a Professor of Xi'an Jiaotong University. He has been conducting advanced research in wind power. He has rich experience in the operation of wind power plants, such as evaluation of wind energy resource, various types of wind turbines, site selection, etc.

Mr. Wong Kwan Kit, Eric, aged 37, joined the Group as Financial Controller in 2007. Mr. Wong oversees the overall finance activities of the Group. He has over 15 years of professional experience in accounting and financial management. Mr. Wong previously held senior management positions in a number of Hong Kong listed companies. He holds a Bachelor of Business Administration degree from the Open University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Cheng Guang, aged 50, joined the Group in 2007. He is the Human Resource Director of the Company. Certified with EMBA Degree of Guanghua School of Management of Peking University, Mr. Cheng has served as the human resource general manager for Hong Kong Golden Concord Holdings Limited.

Mr. Wang Yaobo, aged 60, joined the Group in 2007. He is CEO Assistant of the Company. He holds a Bachelor Degree from Wuhan Water and Electric Power College. He was the CEO of Jilin the First Electric Power Ltd. And then, he was promoted to the vice General Engineer of Jilin Electric Bureau. He has more than 30 years management experience of electric power construction works.

Mr. Wong Siu Kang, aged 55, joined the Group in 2007. He is a director of Nam Pei Hong Sum Yung Drugs Company Limited ("NPH") and is also the General Manager of NPH. Mr. Wong holds a Bachelor of Social Science degree from the University of Hong Kong. Mr. Wong has extensive experience in manufacturing, international trade and marketing.

Report of the Directors

The directors submit their report together with the audited financial statements for the year ended 31 March 2008.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 16 to the financial statements. An analysis of the Group's income and contribution to operating profit for the year ended 31 March 2008 is set out in note 5 to the financial statements.

Results and Dividends

The results of the Group for the year are set out in the consolidated income statement on page 26.

The directors do not recommend dividend.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in note 29 to the financial statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the financial statements.

Share Capital

Details of the movements in the share capital of the Company are set out in note 27 to the financial statements.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 March 2008 are set out in note 29 to the financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws of the Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 92.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the year ended 31 March 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Preference Shares, Convertible Notes and Share Capital

Details of movements of the Company's preference shares, convertible notes and share capital during the year are set out in notes 25, 26 and 27 to the financial statements respectively.

Share Options

The Company has adopted a new share option scheme (the "New Share Option Scheme") on 16 April 2007 and the old share option scheme was terminated accordingly.

The purpose of the New Share Option Scheme is to recognize and acknowledge the contributions of the Qualified Persons (as defined in the New Share Option Scheme, including but not limited to, the directors, employees, partners and associates of the Group) of the Group.

Pursuant to this 10-year term New Share Option Scheme, the Company can grant options to the Qualified Persons for a consideration of HK$1.00 for each grant payable by the Qualified Persons. The total number of the shares issued and to be issued upon exercise of the options granted to each Qualified Person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. Pursuant to a resolution passed on the annual general meeting of the Company, dated 16 April 2007, the Company can grant up to 95,037,966 share options to the Qualified Persons.

Report of the Directors

Share Options *(Continued)*

Subscription price in relation to each option pursuant to the New Share Option Scheme shall be not less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date on which the option is offered to a Qualified Person; or (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 trading days immediately preceding the date of offer; or (iii) the nominal value of the shares. There shall be no minimum holding period for the vesting or exercise of the options but the options are exercisable within the option period as determined by the Board of directors of the Company.

The Company did not grant any share options under the New Share Option Scheme during the year. Subsequent to the balance sheet date and on 1 April 2008, the Company has granted 60,080,000 share options to some Qualified Persons.

Directors

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

Executive directors

Mr. Ko Chun Shun, Johnson	
Mr. Liu Shunxing	(appointed on 13 July 2007)
Mr. Wang Xun	(appointed on 11 October 2007)
Mr. Yang Zhifeng	(appointed on 11 October 2007)
Ms. Liu Jianhong	(appointed on 11 October 2007)
Mr. Chan Kam Kwan, Jason	
Mr. Wong Fan	(resigned on 11 October 2007)
Mr. Yeung Heung Yeung	(resigned on 11 October 2007)

Non-executive directors

Mr. Tsoi Tong Hoo, Tony	(re-designated from executive director on 11 October 2007)
Mr. Kelvin Edward Flynn	(resigned on 11 October 2007)

Independent non-executive directors

Mr. Ho Tak Man, Billy
Mr. Yap Fat Suan, Henry
Dr. Wong Yau Kar, David

In accordance with bye-laws 99 and 102(B) of the Company's Bye-laws, Messrs. Ho Tak Man, Billy, Yap Fat Suan, Henry and Messrs. Wang Xun, Yang Zhifeng and Ms. Liu Jianhong shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting respectively.

All the non-executive directors are appointed for a specific term and will be subject to retirement by rotation and re-election at the annual general meeting of the Company.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules during the year and the Company considered that they are independent.

Directors' Service Contracts

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company, any of its fellow subsidiaries or its parent company was a party and in which a 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.

Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 March 2008, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code contained in the Listing Rules, were as follows:

Interests and short positions in the shares of the Company as at 31 March 2008

Long positions in the shares of the Company:

Name of the Director	Number of shares held and nature of interest Personal	Family	Corporate	Total	Approximate percentage of the total issued share capital *(%)*
Mr. Ko Chun Shun, Johnson	—	—	2,000,000,000	2,000,000,000	43.91

Mr. Ko Chun Shun, Johnson is deemed to be interested in 2,000,000,000 shares held by Gain Alpha Finance Limited ("Gain Alpha"). Gain Alpha is wholly owned by Mr. Ko Chun Shun, Johnson.

Saved as disclosed above, as at 31 March 2008, none of the directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

Directors' Rights to Acquire Shares

Saved as disclosed under the heading "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, at no time during the year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors of the Company (including their respective spouse and children under the age of 18) to acquire benefits by the means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

Substantial Shareholders

As at 31 March 2008, saved as disclosed under the section "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO.

Report of the Directors

Substantial Shareholders *(Continued)*

Long positions in the underlying shares of the convertible notes of the Company:

Name of the holder of the convertible notes	**Amount of the convertible notes** *HK$*	**Number of the total underlying shares**
China Wind Power Investment Limited	100,000,000	1,010,101,010

Note: China Wind Power Investment Limited is controlled by Mr. Yang Ji.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Major Customers

During the year, sales to the Group's largest 5 customers accounted for 70% of the total sales for the year.

Purchases from the Group's 5 larges suppliers accounted for 53% of the total purchases for the year, and the largest supplier included therein amounted to 33%.

None of the directors, their associates or any shareholders, which to the knowledge of the directors own more than 5% of the Company's share capital, had an interests in the major suppliers or customers noted above.

Corporate Governance

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 23 of the annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this annual report under the Listing Rules.

Auditors

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

PricewaterhouseCoopers were appointed auditors of the Company on 16 April 2007 following the resignation of Moore Stephens who acted as the auditors of the Company until 23 February 2007.

On behalf of the Board

Ko Chun Shun, Johnson
Chairman

Hong Kong, 17 June 2008

Corporate Governance Report

The board of Directors (the "Board") is committed to achieving a high standard of corporate governance.

The Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions in the Code on Corporate Governance Practices ("the Code") set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the year, except for the following:

Code Provision A.2.1

There was no separation of the role of the Chairman and Chief Executive Officer ("CEO") as set out in the Code provision A.2.1 until 12 July 2007. Mr. Liu Shunxing was appointed as an executive director and the CEO of the Company with effect from 13 July 2007. Since 13 July 2007, the roles of the Chairman and CEO have been segregated and exercised by different individuals.

The Board

The Board, led by the Chairman, is responsible for the formulation of the Group's strategies and policies, approval of annual budgets and business plans, and supervising the management of the day-to-day operations of the Group to ensure the business objectives are met.

As at 31 March 2008, the Board comprised of ten Directors, including the Chairman, CEO, four executive Directors, one non-executive Director and three independent non-executive Directors. Biographical details of the Directors are stated under the section "Biographical Details of Directors and Senior Management".

For a Director to be considered independent, that Director should not have any direct or indirect material interest in the Group. In determining the independence of Directors, the Board follows the requirement set out in the Listing Rules. Each of the independent non-executive directors has made an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

All the non-executive directors are appointed for a specific term and will be subject to retirement by rotation and re-election at the annual general meeting of the Company.

The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board to ensure that the Board acts in the best interest for the Group. Board meetings are planned and conducted effectively. The Chairman is responsible for approving the agenda for each Board meeting, after taking into account the matters proposed by other Directors. With the support of the executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner. The Chairman also actively encourages all Directors to be fully engaged in the Board's affairs and make contributions to the Board's functions. The Board has adopted good corporate governance practices and procedures and has taken appropriate steps to provide effective communication with shareholders.

The CEO is responsible for managing the business of the Group, attending to the formulation and implementation of group policies, and assuming full accountability for the Group's operations. Acting as the principal manager of the Group's business, the CEO develops a strategic operating plan that reflects the long-term objectives and priorities established by the Board, and is directly responsible for maintaining the operational performance of the Group. Working with the senior management and the Board, the CEO ensures that the funding requirements of the business are met and closely monitors the operating and financial results

The Board *(Continued)*

against the plans and budgets. He also takes remedial actions when necessary and advises the Board of any significant developments and issues of the Group. Ongoing dialogues are maintained with the Chairman and all Directors to keep them fully informed of all major business developments and issues.

The Board meets regularly, and at least 4 times a year. Between scheduled meetings, senior management of the Group provides to Directors the information on the activities and developments in the business of the Group on a timely basis and when required, additional Board meetings are held. In addition, Directors have full access to the information of the Group and the independent professional advice whenever deemed necessary by the Directors.

All Directors are subject to re-election by shareholders at the annual general meeting following their appointments. The Directors shall retire and shall be eligible according to the bye-laws of the Company to offer themselves for re-election at least once every three years. None of the Directors has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

All Directors confirmed that they have complied with the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules (the "Model Code") in their securities transactions throughout the year.

The Board held 5 meetings during the year ended 31 March 2008.

	Name of Director	Attended/Eligible to attend
Chairman	Ko Chun Shun, Johnson	5/5
CEO	Liu Shunxing[1]	2/2
Executive Directors	Wang Xun[1]	1/1
	Yang Zhifeng[1]	1/1
	Liu Jianhong[1]	1/1
	Chan Kam Kwan, Jason	5/5
	Wong Fan, Frank[2]	4/4
	Yeung Heung Yeung[2]	4/4
Non-executive Directors	Tsoi Tong Hoo, Tony[3]	5/5
	Kelvin Edward Flynn[2]	4/4
Independent non-executive Directors	Ho Tak Man, Billy	5/5
	Yap Fat Suan, Henry	5/5
	Wong Yau Kar David	5/5

1 Mr. Liu Shunxing was appointed on 13 July 2007 and Messrs. Wang Xun, Yang Zhifeng and Ms Liu Jianhong were appointed on 11 October 2007.

2 Messrs Wong Fan, Frank, Yeung Heung Yeung and Kelvin Edward Flynn resigned on 11 October 2007.

3 Mr. Tsoi Tong Hoo, Tony was re-designated from executive director to non-executive director on 11 October 2007.

Corporate Governance Report

Directors' Responsibility for the Financial Statements

The following statements, which set out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Independent Auditor's report on page 24 which acknowledges the reporting responsibilities of the Group's Auditors.

Annual Report and Financial Statements

The Directors acknowledge their responsibilities to prepare financial statements for each financial year which give a true and fair view of the state of the Group.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group uses appropriate accounting policies that are consistently applied, and that all applicable accounting standards are followed.

Accounting Records

The Directors are responsible for ensuring that the Group keeps proper and accurate accounting records for the preparation of the financial statements in accordance with the Hong Kong Companies Ordinance and the applicable accounting standards.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Company Secretary

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The Company Secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and board committees in a timely manner.

The Company Secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of Report and Financial Statements and interim reports within the period laid down in the Listing Rules, timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification is made when there are any dealings of the Director in the securities of the Group.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensure that the standards and disclosures required by the Listing Rules are observed.

With respect to the secretarial function of the Group, the Company Secretary maintains formal minutes of the Board meetings and other Board committee meetings.

Corporate Governance Report

Audit Committee

The Audit Committee comprises three independent non-executive Directors. The Audit Committee is a chaired by Mr. Yap Fat Suan, Henry and the other members of the Committee are Dr. Wong Yau Kar, David and Mr. Ho Tak Man, Billy. Mr. Yap Fat Suan, Henry is a chartered accountant in England and Wales and is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of Hong Kong Institute of Certified Public Accountants.

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's preliminary results, interim results and annual financial statements, to monitor compliance with statutory and listing requirements, to review the scope, extent and effectiveness of the Group's internal control system, to engage independent legal or other advisers as it determined necessary and to perform necessary investigations.

There are no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including a review of the interim financial statements and the annual consolidated financial statements.

Financial Statements

The Audit Committee meets and holds discussions with the Executive Directors and other senior management of the Group on the interim results, preliminary results announcement and Annual Report. The Audit Committee reviews and discusses the management's report and representations with a view to ensure that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong. It also considers reports from the Group's principal external auditors, PricewaterhouseCoopers ("PwC"), on the scope and outcome of their annual audit of the consolidated financial statements.

The Audit Committee held 2 meetings during the year ended 31 March 2008.

Name of Member	Attended/Eligible to attend
Ho Tak Man, Billy	2/2
Wong Yau Kar, David	2/2
Yap Fat Suan, Henry	2/2

Audit Committee *(Continued)*

External Auditors

The Audit Committee holds meetings with PwC regularly to discuss the scope of their audit and their findings during the audit.

The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditors.

Review of Risk Management and Internal Control

The Audit Committee reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and risks are managed. In reliance on these reviews, the Audit Committee makes a recommendation to the Board for the approval of the consolidated financial statements for the year.

Auditors' Remuneration

A summary of fees for audit and non-audit services is as follows:

Nature of the services	**2008**	2007
	HK'000	*HK'000*
Audit services	**1,934**	738
Other services	**—**	—
	1,934	738

Remuneration Committee

The Remuneration Committee comprises 4 members. The Remuneration Committee is chaired by Mr. Ko Chun Shun, Johnson, with Messrs. Ho Tak Man, Billy, Yap Fat Suan, Henry and Dr. Wong Yau Kar, David, being the members. The Remuneration Committee meets for the determination of the remuneration packages of Directors and senior management of the Group. In addition, the Remuneration Committee also meets as and when required to consider remuneration related matters.

Under its term of reference, the responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating people of the highest caliber and experience needed to shape and execute strategies across the Group's operations. The Committee assists the Group in the administration of the fair and transparent procedure for setting policies on the remuneration of Directors and senior management of the Group.

The Remuneration Committee held 1 meeting during the year ended 31 March 2008.

Name of Member	**Attended/Eligible to attend**
Ko Chun Shun, Johnson	1/1
Ho Tak Man, Billy	1/1
Yap Fat Suan, Henry	1/1
Wong Yau Kar, David	1/1

Remuneration Committee *(Continued)*

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director of the Company for 2008 are as below:

Name of Directors	Fees	Basic Salaries, Allowances and Benefits-in-kind	Discretionary Bonuses	Provident Fund Contributions	Total Emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Ko Chun Shun, Johnson	—	616	—	12	628
Liu Shunxing	—	599	—	—	599
Wang Xun	—	372	—	—	372
Yang Zhifeng	—	372	—	—	372
Liu Jianhong	—	340	—	—	340
Chan Kam Kwan, Jason	—	300	—	12	312
Wong Fan*	—	500	—	24	524
Yeung Heng Yeung*	—	300	—	—	300
Tsoi Tong Hoo, Tony	144	—	—	—	144
Kelvin Edward Flynn*	191	—	—	—	191
Ho Tak Man, Billy	144	—	—	—	144
Yap Fat Suan, Henry	144	—	—	—	144
Wong Yau Kar, David	144	—	—	—	144

* *resigned during the year*

Internal Control and Group Risk Management

The Board has overall responsibility for the Group's system of internal control and for the assessment and management of risk. The Board has conducted a review of and is satisfied with the effectiveness of the system of internal control of the Group.

In meeting its responsibility, the Board seeks to increase risk awareness across the Group's business operations and has put in place policies and procedures, including the parameters of delegated authority, which provide a framework for the identification and management of risk. Reporting and review activities include the review and approval by the Board of detailed operational and financial reports, budgets and plans provided by the management of the business operations, the review by the Board of actual results against the budgets, the review by the Board of the internal control system of the Group, as well as the regular business reviews by executive Directors and the senior management.

The Board is responsible for monitoring the overall operations of the businesses within the Group. Directors are appointed to the boards of all significant material operating subsidiaries and associates to attend their board meetings and to oversee the operations of those companies. Monitoring activities include the review and approval of business strategies, budgets and plans, and the setting of key business performance targets. The senior management is accountable for the performance within the agreed strategies and is accountable for its conduct and performance.

Internal Control and Group Risk Management *(Continued)*

The Financial Controller of the Company, reports directly to the Board and the Audit Committee, and monitors the existence and effectiveness of the risk management activities and controls in the Group's business operations. The Financial Controller also discuss the audit plan with the Audit Committee and the external auditors. The audit plan is reassessed during the year as needed to ensure that adequate resources are deployed and the plan's objectives are met. In addition, regular dialogues are maintained with the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

Reports from the external auditors on relevant financial reporting matter is presented to the Audit Committee, and, as appropriate, to the Board.

Investor Relations and Shareholders' Rights

The Board is committed in providing clear and full performance information of the Group to shareholders through the publication of interim and annual reports. In addition to the circulars, notices and financial reports sent to shareholders, additional information of the Group is also available to shareholders on the Group's website.

Shareholders are encouraged to attend the annual general meeting for which at least 21 days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. Subject to the bye-laws of the Company, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All substantive resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

The Group values feedback from shareholders on its effort to promote transparency and foster investor relationships. Comments and suggestions are always welcomed.

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

TO THE SHAREHOLDERS OF CHINA WINDPOWER GROUP LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China WindPower Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 26 to 91, which comprise the consolidated and Company balance sheets as at 31 March 2008, 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 consolidated 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 consolidated financial statements based on our audit and to report our opinion 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 this 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.

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 judgment, 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.

Independent Auditor's Report

Auditor's Responsibility *(Continued)*

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 31 March 2008 and of the Group's profit 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 June 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Revenues	5, 6	**324,936**	59,483
Other net income	7	**15,181**	44,693
Expenses			
Cost of inventories sold		**(162,577)**	(36,986)
Staff costs	9	**(26,778)**	(10,119)
Depreciation	14	**(2,264)**	(700)
Operating lease payments in respect of land and buildings		**(10,969)**	(10,672)
Liquidation expenses		**—**	(1,434)
Other expenses		**(24,916)**	(9,314)
Finance costs	8	**(5,293)**	(1,353)
Share of results			
— associates		**3,032**	—
— jointly controlled entities		**(2,265)**	—
Profit before income tax	10	**108,087**	33,598
Income tax expense	11	**—**	—
Profit for the year		**108,087**	33,598
Attributable to:			
Equity holders of the Company		**100,064**	33,598
Minority interests		**8,023**	—
		108,087	33,598
Earnings per share for profit attributable to the equity shareholders of the Company during the year			
— basic	13	**2.90 HK cents**	2.67 HK cents
— diluted	13	**1.90 HK cents**	2.24 HK cents

The notes on pages 32 to 91 form part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**13,455**	1,880
Intangible assets	*15*	**903,142**	—
Interests in associates	*17*	**71,313**	—
Interests in jointly controlled entities	*18*	**425,738**	—
		1,413,648	1,880
Current assets			
Inventories	*19*	**54,970**	9,124
Trade receivables, net	*20*	**43,270**	2,030
Prepayments, deposits and other receivables	*21*	**210,438**	3,518
Financial assets at fair value through profit or loss		**—**	3,124
Amounts due from jointly controlled entities	*18*	**137,819**	—
Cash and cash equivalents	*22*	**335,531**	22,669
		782,028	40,465
Current liabilities			
Trade payables	*23*	**22,100**	8,109
Other payables and accruals		**18,092**	5,983
Amounts due to jointly controlled entities	*18*	**67,029**	—
Borrowings	*24*	**6,578**	—
		113,799	14,092
Net current assets		**668,229**	26,373
Total assets less current liabilities		**2,081,877**	28,253
Non-current liabilities			
Convertible notes	*26*	**133,930**	—
Convertible preference shares	*25*	**—**	10,790
Borrowings	*24*	**123**	—
		134,053	10,790
Net assets		**1,947,824**	17,463
Capital and reserves attributable to the equity share holders of the Company			
Share capital	*27*	**45,545**	9,503
Reserves		**1,891,730**	7,960
		1,937,275	17,463
Minority interests		**10,549**	—
		1,947,824	17,463

Ko Chun Shun, Johnson
Director

Liu Shunxing
Director

The notes on pages 32 to 91 form part of these consolidated financial statements.

Balance Sheet

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,083**	—
Interests in subsidiaries	16	**1,640,405**	—
		1,641,488	—
Current assets			
Amounts due from subsidiaries	16	**261,585**	29,687
Prepayments, deposits and other receivables	21	**24,751**	362
Cash and cash equivalents	22	**5,071**	1
		291,407	30,050
Current liabilities			
Other payables and accruals		**4,270**	1,897
Borrowings	24	**14**	—
		4,284	1,897
Net current assets		**287,123**	28,153
Total assets less current liabilities		**1,928,611**	28,153
Non-current liabilities			
Convertible notes	26	**133,930**	—
Convertible preference shares	25	**—**	10,790
Borrowings	24	**45**	—
		133,975	10,790
Net assets		**1,794,636**	17,363
Capital and reserves attributable to the equity holders of the Company			
Share capital	27	**45,545**	9,503
Reserves	29	**1,749,091**	7,860
Total equity		**1,794,636**	17,363

Ko Chun Shun, Johnson
Director

Liu Shunxing
Director

The notes on pages 32 to 91 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

		Attributable to equity holders of the Company									
	Notes	Share capital HK$'000	Share premium account HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Other reserves HK$'000	Acc-umulated losses HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 April 2006		140,379	140,694	13,051	80,933	6	297	(453,118)	(77,758)	—	(77,758)
Profit for the year		—	—	—	—	—	—	33,598	33,598	—	33,598
Total recognised income for the year		—	—	—	—	—	—	33,598	33,598	—	33,598
Capital reduction		(138,976)	—	—	—	—	—	138,976	—	—	—
Issuance of ordinary shares		8,100	13,770	—	—	—	—	—	21,870	—	21,870
Issuance of convertible preference shares		—	—	—	—	—	46,933	—	46,933	—	46,933
Disposal of subsidiaries		—	—	(13,051)	(2,123)	(6)	—	—	(15,180)	—	(15,180)
Deemed contribution		—	8,000	—	—	—	—	—	8,000	—	8,000
		(130,876)	21,770	(13,051)	(2,123)	(6)	46,933	138,976	61,623	—	61,623
At 31 March 2007		9,503	162,464	—	78,810	—	47,230	(280,544)	17,463	—	17,463
Net exchange gains		—	—	—	—	41,560	—	—	41,560	597	42,157
Net gains recognised directly in equity		—	—	—	—	41,560	—	—	41,560	597	42,157
Profit for the year		—	—	—	—	—	—	100,064	100,064	8,023	108,087
Total recognised income for the year		—	—	—	—	41,560	—	100,064	141,624	8,620	150,244
Convertible notes-equity component	26	—	—	—	—	—	844,204	—	844,204	—	844,204
Issuance of ordinary shares	27	12,600	939,400	—	—	—	—	—	952,000	—	952,000
Conversion of convertible preference shares	25, 27	23,442	33,696	—	—	—	(46,933)	—	10,205	—	10,205
Cost of issuance of shares		—	(28,221)	—	—	—	—	—	(28,221)	—	(28,221)
Acquisition of subsidiaries		—	—	—	—	—	—	—	—	6,314	6,314
Acquisition of additional interests in subsidiaries		—	—	—	—	—	—	—	—	(4,385)	(4,385)
		36,042	944,875	—	—	—	797,271	—	1,778,188	1,929	1,780,117
At 31 March 2008		45,545	1,107,339	—	78,810	41,560	844,501	(180,480)	1,937,275	10,549	1,947,824

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Operating activities			
Profit before income tax		**108,087**	33,598
Adjustments for:			
Finance costs	*8*	**5,293**	1,353
Interest income	*6*	**(14,916)**	(1,018)
Dividend income on financial assets at fair value through profit or loss	*6*	**(3,365)**	—
Depreciation	*14*	**2,264**	700
Unrealised fair value loss on financial assets at fair value through profit or loss		**—**	2
Net realised (gain)/loss on disposal of financial assets at fair value through profit or loss	*6*	**(6,499)**	1
Provision for impairment of:			
— Trade receivables	*20*	**20**	87
— Other receivables		**—**	47
Loss on disposal of property, plant and equipment	*7*	**3**	1
Gain on disposal of subsidiaries	*31(b)*	**(15,204)**	(35,469)
Net gain from transfer of financial assets and extinguishment of financial liabilities	*35*	**—**	(44,574)
Operating profit/(loss) before working capital changes:		**75,683**	(45,272)
Increase in inventories		**(44,082)**	(3,314)
Increase in trade receivables		**(39,647)**	(1,749)
Increase in prepayments, deposits and other receivables		**(142,696)**	(48,727)
Increase in amounts due from jointly controlled entities		**(153,988)**	—
Increase in amounts due to jointly controlled entities		**64,643**	—
Increase in trade payables		**13,432**	4,572
(Decrease)/increase in other payables and accruals		**(12,674)**	37,852
Net cash used in operating activities		**(239,329)**	(56,638)

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Net cash used in operating activities		**(239,329)**	(56,638)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(13,442)**	(1,867)
Proceeds from disposal of property, plant and equipment		**6**	—
Acquisition of interests in subsidiaries	*31(a)*	**59,346**	—
Acquisition of interests in associates		**(24,070)**	—
Acquisition of interests in jointly controlled entities		**(337,888)**	—
Acquisition of equity interest from minority interests		**(4,385)**	—
Disposal of subsidiaries	*31(b)*	**9,848**	(33)
Increase in financial assets at fair value through profit or loss		**(26,116)**	(3,127)
Proceeds from disposal of financial assets at fair value through profit or loss		**8,524**	—
Dividends received on financial assets at fair value through profit or loss		**3,365**	—
Interest received		**14,916**	249
Net cash used in investing activities		**(309,896)**	(4,778)
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		**923,779**	21,870
Proceeds from issuance of convertible preference shares		**—**	58,320
Contribution from a substantial shareholder		**—**	8,000
Proceeds from borrowings		**6,542**	2,310
Inception of new finance leases		**181**	—
Repayment of borrowings		**(73,095)**	(6,710)
Repayment of amount due to minority shareholders		**(1,033)**	—
Interest paid		**(19)**	(454)
Interest element on finance lease payments		**(4)**	(1)
Capital element of finance lease payments		**(22)**	(1)
Net cash generated from financing activities		**856,329**	83,334
Net increase in cash and cash equivalents		**307,104**	21,918
Cash and cash equivalents at beginning of year		**22,669**	751
Exchange gain on cash and cash equivalents		**5,758**	—
Cash and cash equivalents at end of year		**335,531**	22,669
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**335,531**	22,669

The notes on pages 32 to 91 form part of these consolidated financial statements.

Notes to the Financial Statements

1. Corporate information

China WindPower Group Limited (the "Company") is a limited liability company incorporated in Bermuda. The head office and its principal place of business is located at Suite 3901, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

During the year, the Company and its subsidiaries (together the "Group") were involved in the following principal activities:

- Design and consultancy, engineering, procurement and construction, operation and maintenance of wind power plants, and manufacture of wind power equipment
- Wholesale and retail of Chinese and other medicines, health products and dried seafood products
- Provision of Chinese clinical services

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 17 June 2008.

2. 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) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs 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 4.

Notes to the Financial Statements

2. Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(A) Adoption of new/revised HKFRS effective from 1 April 2007

(i) The HKICPA has issued a number of new and revised HKFRS and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company. There have been no significant changes to the accounting policies applied in these financial changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

As a result of the adoption of HKFRS 7, Financial Instruments: Disclosures, there have been some additional disclosures relating to financial instruments and do not have any impact on the classification and valuation of the Group's financial instruments.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

(B) New/revised HKFRS that have been issued but are not yet effective.

The following new/revised HKFRS, potentially relevant to the Group's operations, have been issued and are mandatory for accounting period beginning after 1 April 2008, these have not been early adopted by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 and HKAS 1 Amendments	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 Amendment	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
HKFRS 8	Operating Segments
HK(IFRIC) – Int 11	HKFRS2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has commenced an assessment of the impact of these new standards, amendments and interpretations upon the initial application but is not yet in a position to state whether they would have a significant impact on its results and financial position.

2. Summary of significant accounting policies *(Continued)*

(b) In light of current development of the Group, the management have re-evaluated and decided that it would better serve users of the financial information of the Group to adopt and present the Group's overall expenses by nature in the consolidated income statement. And in this regard, certain comparative figures including the analysis of expenses have been re-classified to conform with current year's presentation.

(c) Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March.

(i) Subsidiaries

Subsidiaries are all 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 of accounting is used to account for the acquisition of subsidiaries by the Group, except for those acquisitions which qualify as business combination under common control which are accounted for using merger accounting.

(A) Purchase method of accounting

The cost of an acquisition is measured at 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. 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. 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.

(B) Business combinations under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or business in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

2. Summary of significant accounting policies *(Continued)*

(c) Consolidation *(Continued)*

(i) Subsidiaries *(Continued)*

(B) Business combinations under common control (Continued)

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the contribution of the controlling party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognized directly in equity as part of the capital reserve.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, the date of the common control combination is disregarded.

The comparative amounts in the consolidated financial statements are presented as if the entities or business had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is the later.

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 2(h)). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(ii) Associates and jointly controlled entities ("JCEs")

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. JCEs are joint ventures that involve the establishment of a cooperation, for which there is a contractual arrangement between the ventures establishing joint control over the economic activity of the entity. Investments in associates and JCEs are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates and JCEs include goodwill (net of any accumulated impairment loss) identified on acquisition (Note 2(g)(i)).

2. Summary of significant accounting policies *(Continued)*

(c) Consolidation *(Continued)*

(ii) Associates and jointly controlled entities ("JCEs") *(Continued)*

The Group's share of its associates' and JCEs' post-acquisition profits or losses is recognised in the consolidated 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 associate or JCEs equals or exceeds its interests in the associates or JCEs, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or JCEs.

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

In the Company's balance sheet, the investments in associates and JCEs are stated at cost less provision for impairment losses (Note 2(h)). The results of associates and JCEs are accounted for by the Company on the basis of dividend received and receivable.

(d) Segment reporting

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.

(e) 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 ("HKD"), 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.

2. Summary of significant accounting policies *(Continued)*

(e) 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:

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

— 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

— 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, are taken to shareholders' 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.

(f) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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.

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

Building	Over 25 years
Leasehold improvements	Over the lease terms of 1 to 5 year
Furniture, fixtures and equipment	7%-33.33%
Motor vehicles	20%

2. Summary of significant accounting policies *(Continued)*

(f) Property, plant and equipment *(Continued)*

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other net income", in the income statements.

(g) Intangible assets

(i) 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 subsidiaries/associates/JCEs at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates/JCEs is included in investments in associates/JCEs and is tested for impairment as part of the overall balance. 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. 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.

(ii) Other intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

(h) Impairment of investments in subsidiaries, associate, JCEs and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of significant accounting policies *(Continued)*

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivable. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet (Note 2(l)).

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "other net income/(loss)", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2(l).

2. Summary of significant accounting policies *(Continued)*

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis method.

(k) Construction contracts

The accounting policy for contract revenue is set out in note 2(v)(iii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

(l) 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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 original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

(m) 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.

(n) 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.

2. Summary of significant accounting policies *(Continued)*

(o) Trade and other payables

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

(p) 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.

(q) Convertible preference shares

Convertible preference shares issued by the Company that contain both financial liability and equity components were classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component was determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible preference shares and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, was included in equity (other reserves).

In subsequent periods, the liability component of the convertible preference shares was carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in other reserves until the embedded option is exercised (in which case the balance stated in other reserves was transferred to share premium).

Transaction costs that relate to the issue of the convertible preference shares are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component were charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible preference shares using the effective interest method.

2. Summary of significant accounting policies *(Continued)*

(r) Convertible notes

Convertible notes that can be converted to equity share capital of the Company at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amounts initially recognised as the liability component is recognised as the equity component and included in the other reserves under equity. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the notes, with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the notes using the effective interest method. The equity component is recognised in the other reserves under equity until either the notes are converted or redeemed.

If the notes are converted, the respective equity component in the other reserves, together with the carrying value of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the notes are redeemed, the respective equity component in the other reserves is released directly to accumulated losses.

(s) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, associates and JCEs operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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, the deferred income tax is not accounted for if it 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. 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.

2. Summary of significant accounting policies *(Continued)*

(s) Current and deferred income tax *(Continued)*

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, associates, 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.

(t) Employee benefits

(i) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in the People's of the Republic of China (the "PRC") are required to participate in central pension schemes operated by the local municipal government. The subsidiaries are required to contribute certain percentage of the payroll costs to the central pension schemes. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension schemes.

(ii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee 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 (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

2. Summary of significant accounting policies *(Continued)*

(t) Employee benefits *(Continued)*

(iii) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year and prior years by the employees and carried forward.

(iv) Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments, which have been earned by the employees from their services to the Group to the balance sheet date.

(u) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. 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 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.

2. Summary of significant accounting policies *(Continued)*

(v) 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) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer and the goods are accepted by the customers and collectibility of the related receivable is reasonably assured;

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

(iii) contract revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of surveys of work performed;

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent that it is probable the contract costs incurred will be recoverable;

(iv) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;

(v) dividend income, when the shareholders' right to receive payment has been established; and

(vi) dealings in securities and sale of investments, on the transaction dates when the relevant contract notes are exchanged or the settlement dates when the securities are delivered.

(w) Leases

(i) Operating leases

Accounting by lessee

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 under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2. Summary of significant accounting policies *(Continued)*

(w) Leases *(Continued)*

(ii) Finance leases *(Continued)*

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(x) 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.

3. Financial risk management

Financial risk factors

The Group is exposed to a variety of financial risks which result from its operating and investing activities. The management periodically analyses and reviews measures to manage its exposure to market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its risk management and has not used any derivatives or other instruments for hedging purposes.

At 31 March 2008, the Group's financial instruments mainly consisted of trade and other receivables, amounts due from/to JCEs, bank balances and deposits, trade and other payables, convertible notes, bank borrowings and finance lease payables. Details of these financial instruments are disclosed in respective notes.

(a) Market risk

(i) Foreign exchange risk

The Group operates mainly in PRC and Hong Kong and the major foreign currency risk arises from fluctuations in Renminbi ("RMB"). For majority of transactions conducted in Hong Kong, both sales and costs of sales are denominated in HKD. For operations in PRC, all revenues and purchases are denominated in RMB. As such, the Group does not hold or issue derivative financial instruments for trading purposes.

At 31 March 2008, if RMB had strengthened/weakened by 5% against HKD with all other variables held constant, the Group's equity would have been approximately increase/reduce by HK$9,194,000 (2007: Nil).

3. Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk (Continued)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to foreign currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange currency rates over the period until the next annual balance sheet date. The analysis was performed on the same basis for 2007.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's fair value interest rate risk primarily relates to fixed interest borrowings, fixed rate convertible notes, fixed rate finance lease payables and bank deposits. It is the Group's policy to keep its borrowings at floating rate of interests as to minimise the fair value interest rate risk.

The Group is also exposed to cashflow interest rate risk and is primarily in relation to the Group's variable rate bank balances and variable rate borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate bank balances and borrowings at the balance sheet date. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2008 would increase/decrease by HK$543,000. This is mainly attributable to the Groups' exposure to interest rates on its variable rate bank balances and bank borrowings.

The Group's sensitivity to interest rate has increased during the current year mainly due to the increase in variable rate bank deposits.

(iii) Price risk

The Group is not exposed to any equity securities risk or commodity price risk.

3. Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(b) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets and the amounts due from jointly controlled entities as stated in the respective notes to the consolidated financial statements.

Credit risk is managed on a group basis. Both trade receivables and amounts due from JCEs' arise during the course of the Group's business operations and are trade in nature. For trade receivables, the management of the Group limit credit risks by assessing the credit quality of the customer, perform ongoing credit evaluation taking into account its financial position, past trade experience and other factors. For the amounts due from the JCEs, the Group has joint operational control over its JCEs' and their financial positions with other ventures are regularly monitored in order to minimise the credit risk associated with receivables due from the JCEs. The Group has policies in place to review the recoverability of trade receivable balances and amounts due from JCEs on an ongoing basis and assess the adequacy of provision for impairment.

At the balance sheet date, apart from the amounts due from the JCEs, there were no major concentrations of credit risk.

The maximum exposure to credit risk is therefore represented by the carrying amount of each financial asset as stated in the balance sheet.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash reserves and banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows and matching maturity profiles of financial assets and liabilities.

As at 31 March 2008, the Group has available unutilised bank loan facilities of approximately HK$8,459,000 (2007: Nil).

3. Financial risk management *(Continued)*

Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

As at 31 March 2008

Non-derivative financial liabilities	**Less than 3 months**	**3-6 months**	**6-12 months**	**1-2 years**	**Over 2 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade and other payables	**32,654**	**2,450**	**—**	**—**	**—**
Bank loan — variable rate	**6,541**	**—**	**—**	**—**	**—**
Finance lease payables	**11**	**11**	**21**	**43**	**102**
Derivative financial liabilities					
Convertible notes — 1st Tranche	**249**	**252**	**499**	**1,000**	**101,332**
Convertible notes — 2nd Tranche	**—**	**252**	**499**	**1,000**	**101,581**

As at 31 March 2007

Non-derivative financial liabilities	Less than 3 months	3-6 months	6-12 months	1-2 years	Over 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	9,094	919	—	—	—

3.1 Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

3.1 Capital Risk management *(Continued)*

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt to equity ratio.

The net debt to equity ratio did not apply at 31 March 2008 and 2007 as the Group had cash surplus after allowing for the debt. The cash surplus is a remaining balance of fund from the fund raising activities made during the year and shall be applied to the Group's future business and expansion requirements.

3.2 Fair value estimation

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices, and

- The fair value of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cashflow analysis using prices or rates from observable current market transaction as inputs.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

4. Critical accounting estimates and judgements

In preparing the consolidated financial statements, management is required to exercise significant judgements in the selection and application of accounting principles, as well as in making estimates and assumptions. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

(a) Percentage of completion of construction works

The Group recognises the revenue according to the percentage of completion of the individual contract of construction works. The percentage of completion of construction works is determined by reference to the percentage of surveys of work performed for individual contract at the balance sheet date. Because of the nature of the activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses.

4. Critical accounting estimates and judgements *(Continued)*

(b) Estimated of fair value of acquired assets and liabilities from the acquisition of China Wind Power Holdings Limited and its subsidiaries (the "Wind Power Group")

During the year, the Group completed the acquisition of 100% equity interests in China Wind Power (the "Acquisition"). Details of the acquisition are set out in Note 31. In accordance with HKFRS 3, the acquired identifiable assets and liabilities and contingent liabilities assumed are measured at fair value on the acquisition date in order to determine the difference between the cost of acquisition and the fair value of the Group's share of net assets acquired.

In order to determine the fair value of identifiable assets and liabilities in the acquisition, the directors of the Company considered that the only intangible assets of the Wind Power Group which are subject to fair value adjustment are the Wind Power Plant Cooperation Developed agreements signed with relevant local government authorities in PRC (the "Agreements"). The fair value of the agreements was determined by the directors of the Company based on the estimated discounted cash flows arising from the Agreements.

(c) Valuation of the issued/to be issued convertible notes ("Convertible Notes")

The fair value of Convertible Notes that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at issue date for the issued convertible notes and at initial recognition date for the contingent convertible notes. The Group will re-estimate the fair value of the to be issued convertible notes upon its issuance based on the market conditions existing at issue date, with any corresponding adjustments to be made to goodwill, liability and equity portion of the Convertible Notes.

(d) Impairment of assets

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;
— investments in subsidiaries, associates and JCEs;
— goodwill; and
— intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amounts.

4. Critical accounting estimates and judgements *(Continued)*

(d) Impairment of assets *(Continued)*

The sources utilised to identify indications of impairment are often subjective in nature and the Group is required to use judgment in applying such information to its business. The Group's interpretation of this information has a direct impact on whether an impairment assessment is performed as at any given balance sheet date.

If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable value, representing the greater of the asset's fair value less cost to sell or its value in use. Depending on the Group's assessment of the overall materiality of the asset under review and complexity of deriving reasonable estimates of the recoverable value, the Group may perform such assessment utilising internal resources or the Group may engage external advisors to counsel the Group in making this assessment. Regardless of the resources utilised, the Group is required to make many assumptions to make this assessment, including the utilisation of such asset, the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of any asset.

5. Segment information

During the year, the Group has redefined its classification of business segments so as to better align its segment information disclosure to its current operations. The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide.

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Summary details of the business segments are as follows:

(a) Windpower business — the engineering, procurement and construction ("EPC"), operation and maintenance of wind power plants, and manufacture of wind power equipments and wind power related business;

(b) Nam Pei Hong — the sum yung and pharmaceutical products segment sells Chinese and other medicines, pharmaceutical products, health products and dried seafood products to wholesalers and retailers as well as Chinese clinical services.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

5. Segment information *(Continued)*

(a) Business segments

The following table presents the revenue, profit/(loss) for the Group's re-defined business segments for the year ended 31 March 2008. The comparative figures have been reclassified to conform with the current year's presentation.

2008	Nam Pei Hong *HK$'000*	Windpower business *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales to external customers	**81,110**	**216,344**	**297,454**
Other revenue	**2,671**	**31**	**2,702**
Total revenue	**83,781**	**216,375**	**300,156**
Segment results	**1,012**	**98,900**	**99,912**
Interest and dividend income			**18,281**
Unallocated revenue			**6,499**
Unallocated expenses			**(12,079)**
Finance costs			**(5,293)**
Share of profits of associates			**3,032**
Share of losses of jointly controlled entities			**(2,265)**
Profit before income tax			**108,087**
Income tax expense			**—**
Profit for the year			**108,087**
Segment assets	**51,803**	**1,418,800**	**1,470,603**
Interests in associates			**71,313**
Interests in jointly controlled entities			**425,738**
Unallocated assets			**228,022**
Total assets			**2,195,676**
Segment liabilities	**(18,326)**	**(90,791)**	**(109,117)**
Unallocated liabilities			**(138,735)**
Total liabilities			**(247,852)**
Other segment information:			
Capital expenditure	**2,299**	**9,805**	
Depreciation	**617**	**1,392**	

5. Segment information *(Continued)*

(a) Business segments *(Continued)*

2007	Nam Pei Hong *HK$'000*	Windpower business *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales to external customers	58,369	—	58,369
Total revenue	58,369	—	58,369
Segment results	(2,404)	—	(2,404)
Interest income			1,018
Unallocated revenue			47
Gain on restructuring *(Note 35)*			44,830
Unallocated expenses			(8,540)
Finance costs			(1,353)
Profit before income tax			33,598
Income tax expense			—
Profit for the year			33,598
Segment assets	41,982	—	41,982
Unallocated assets			363
Total assets			42,345
Segment liabilities	(12,196)	—	(12,196)
Unallocated liabilities			(12,686)
Total liabilities			(24,882)
Other segment information:			
Capital expenditures	1,867	—	
Depreciation	697	—	

5. Segment information *(Continued)*

(b) Geographical segments

The following table presents revenue and certain assets and expenditures information for the Group's geographical segments.

2008	**Hong Kong**	**PRC**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue:			
Sales to external customers	**81,110**	**216,344**	**297,454**
Other segment information:			
Segment assets	**279,861**	**1,915,815**	**2,195,676**
Capital expenditures	**3,637**	**9,805**	**13,442**

2007	Hong Kong	PRC	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	58,369	—	58,369
Other segment information:			
Segment assets	41,982	—	41,982
Capital expenditures	1,867	—	1,867

6. Revenues

Revenue represents consultancy and construction income; the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the year.

An analysis of revenue and other revenues is as follows:

	Group 2008 HK$'000	2007 HK$'000
Revenue		
Windpower engineering consultancy and construction income	**216,344**	—
Sale of sum yung and pharmaceutical products	**81,110**	58,369
	297,454	58,369
Other revenue		
Interest income	**14,916**	1,018
Dividend income on financial assets at fair value through profit or loss	**3,365**	—
Net realised gain on disposal of financial assets at fair value through profit or loss	**6,499**	—
Others	**2,702**	96
	27,482	1,114
Total revenue	**324,936**	59,483

7. Other net income

An analysis of other net income is as follows:

	Notes	Group 2008 HK$'000	2007 HK$'000
Gain on disposal of subsidiaries	*31(b)*	**15,204**	—
Gain on restructuring	*35*	**—**	44,830
Loss on disposal of property, plant and equipment		**(3)**	(1)
Provision for impairment of:			
— Trade receivables		**(20)**	(87)
— Other receivables		**—**	(47)
Others		**—**	(2)
		15,181	44,693

Notes to the Financial Statements

8. Finance costs

	Group 2008 HK$'000	2007 HK$'000
Interest on bank loans wholly repayable within five years	**17**	1,030
Interest on convertible notes	**4,993**	—
Interest on convertible preference shares	**277**	322
Interest on finance lease	**4**	1
Others	**2**	—
	5,293	1,353

9. Staff costs

(a) Employee benefit expenses

	Group 2008 HK$'000	2007 HK$'000
Wages and salaries	**26,178**	9,651
Pension costs — defined contribution plans *(Note i)*	**600**	468
	26,778	10,119

Note:

(i) Pensions costs – defined contribution plans

At 31 March 2008, the Group had no significant forfeited contributions available to reduce its contributions to the pension scheme in future years (2007: Nil).

9. Staff costs *(Continued)*

(b) Directors' emoluments

Details of directors' emoluments are set out below:

	Group 2008				
	Fees *HK$'000*	Basic salaries, allowance and benefits *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Chairman					
Ko Chun Shun, Johnson	—	616	—	12	628
Executive directors					
Liu Shunxing	—	599	—	—	599
Wang Xun	—	372	—	—	372
Yang Zhifeng	—	372	—	—	372
Liu Jianhong	—	340	—	—	340
Chan Kam Kwan, Jason	—	300	—	12	312
Wong Fan, Frank	—	500	—	24	524
Yeung Heung Yeung	—	300	—	—	300
Non-executive directors					
Kelvin Edward Flynn	191	—	—	—	191
Tsoi Tong Hoo, Tony	144	—	—	—	144
Independent non-executive directors					
Ho Tak Man, Billy	144	—	—	—	144
Wong Yau Kar, David	144	—	—	—	144
Yap Fat Suan, Henry	144	—	—	—	144
	767	3,399	—	48	4,214

Notes to the Financial Statements

9. Staff costs *(Continued)*

(b) Directors' emoluments *(Continued)*

	Group 2007				
	Fees *HK$'000*	Basic salaries, allowance and benefits *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Executive directors					
Ko Chun Shun, Johnson	—	—	—	—	—
Tsoi Tong Hoo, Tony	—	—	—	—	—
Chan Kam Kwan, Jason	—	—	—	—	—
Wong Fan, Frank	—	458	—	21	479
Yeung Heung Yeung	—	—	—	—	—
Sun Hiu Lu	—	—	—	—	—
Huang Shuyun	—	—	—	—	—
Chu Kwan	—	—	—	—	—
Zhao Dake	—	—	—	—	—
Zhang Ke, Winston	—	—	—	—	—
Non-executive director					
Kelvin Edward Flynn	115	—	—	—	115
Independent non-executive directors					
Ho Tak Man, Billy	46	—	—	—	46
Yap Fat Suan, Henry	46	—	—	—	46
Wong Yau Kar, David	46	—	—	—	46
Ng Wing Hang	—	—	—	—	—
Melvin Wong	—	—	—	—	—
Chu Yu Lin	—	—	—	—	—
	253	458	—	21	732

Other than as presented above, no other fees or emoluments were paid to the independent non-executive directors during the year (2007: Nil).

For the year ended 31 March 2008, there were no arrangements under which a director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2007: Nil).

Details of share options granted to directors are set out in Note 28 to the consolidated financial statements.

9. Staff costs *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five directors (2007: one) whose emoluments are reflected in the analysis above except for two directors, who were appointed as directors during the year, the portion of their emoluments prior to their directorship are reflected in the analysis below. The emoluments payable to the remaining nil individuals (2007: four) during the year are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**279**	1,252
Bonuses	**—**	—
Compensation for loss of office	**—**	—
	279	1,252

Their emoluments fell within the Nil to HK$1,000,000 band.

10. Profit before income tax

Profit before income tax is stated after charging the following:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Charging		
Auditor's remuneration	**1,934**	738
Exchange losses, net	**1,702**	20

11. Income tax expense

No Hong Kong profits tax has been provided as the Group had sufficient tax losses brought forward to set off against the assessable profits for the year (2007: Nil). In 2008, the Group's PRC subsidiaries were exempted from PRC Enterprise Income Tax.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Profit before income tax	**108,087**	33,598
Notional tax at the applicable tax rates of 17.5% (2007: 17.5%)	**18,915**	5,880
Tax effect of income not subject to tax	**(30,079)**	(13,072)
Tax effect of expenses not deductible for tax	**1,015**	7,596
Tax effect of losses not recognised	**2,335**	675
Tax effect of utilisation of previously unrecognised tax losses	**(22)**	(843)
Others	**(341)**	(236)
Effect of tax rate in other jurisdiction	**8,177**	—
	—	—

12. Loss attributable to equity holders of the company

The loss attributable to equity holders of the Company for the year ended 31 March 2008 dealt with in the financial statements of the Company is approximately HK$915,000 (2007: loss of HK$333,000).

13. Earnings per share

(a) Basic

The calculation of earnings per share is based on the profit attributable to the equity holders of HK$100,064,000 (2007: HK$33,598,000) and the weighted average of 3,447,141,000 shares (2007: 1,259,697,000 shares) in issue during the year.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible preference shares and convertible notes. The convertible preference shares are assumed to have been converted into ordinary shares as at 1 April 2007. The convertible notes are assumed to have been converted into ordinary shares as at the completion date of the acquisition of China Wind Power, and the net profit is adjusted to eliminate the interest expenses.

	2008 ***HK$'000***	2007 *HK$'000*
Profit attributable to equity holders of the Company	**100,064**	33,598
Interest expenses on convertible preference shares and convertible notes	**4,993**	266
Profit used to determine diluted earnings per share	**105,057**	33,864
Weighted average number of ordinary shares in issue (thousands)	**3,447,141**	1,259,697
Adjustment for		
— assumed conversion of convertible preference shares (thousands)	**735,635**	254,247
— assumed conversion of convertible notes — issued (thousands)	**673,401**	—
— assumed conversion of convertible notes — to be issued (thousands)	**673,401**	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**5,529,578**	1,513,944
Diluted earnings per share	**1.90 HK cents**	2.24 HK cents

Notes to the Financial Statements

14. Property, plant and equipment — Group and Company

	Group				
	Land & Building	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost					
At 1 April 2006	—	5,094	3,392	85	8,571
Additions	—	1,320	547	—	1,867
Disposals	—	(1,739)	(10)	—	(1,749)
Disposal of subsidiaries *(Note 31(b))*	—	(10)	(220)	—	(230)
At 31 March 2007	—	4,665	3,709	85	8,459
Accumulated depreciation					
At 1 April 2006	—	4,707	3,114	34	7,855
Charge during the year	—	527	156	17	700
Disposals	—	(1,739)	(9)	—	(1,748)
Disposal of subsidiaries *(Note 31(b))*	—	(10)	(218)	—	(228)
At 31 March 2007	—	3,485	3,043	51	6,579
Net book value					
At 31 March 2007	—	1,180	666	34	1,880
Cost					
At 1 April 2007	—	4,665	3,709	85	8,459
Arising on acquisition of subsidiaries *(Note 31(a))*	—	—	51	351	402
Additions	1,867	4,892	3,896	2,787	13,442
Disposals	—	(1,519)	(45)	—	(1,564)
Exchange difference	—	—	7	26	33
At 31 March 2008	1,867	8,038	7,618	3,249	20,772
Accumulated depreciation					
At 1 April 2007	—	3,485	3,043	51	6,579
Arising on acquisition of subsidiaries *(Note 31(a))*	—	—	1	2	3
Charge during the year	17	1,706	403	138	2,264
Disposals	—	(1,519)	(36)	—	(1,555)
Exchange difference	1	13	7	5	26
At 31 March 2008	18	3,685	3,418	196	7,317
Net book value					
At 31 March 2008	1,849	4,353	4,200	3,053	13,455

14. Property, plant and equipment — Group and Company *(Continued)*

The net book value of the Group's office equipment held under finance lease as at 31 March 2008 amounted to approximately HK$159,000 (2007: HK$ Nil).

	Company		
	Leasehold improvements	**Furniture and fixtures**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 April 2007	—	—	—
Additions	1,244	93	1,337
At 31 March 2008	1,244	93	1,337
Accumulated depreciation			
At 1 April 2007	—	—	—
Charge during the year	242	12	254
At 31 March 2008	242	12	254
Net book value			
At 31 March 2008	1,002	81	1,083
At 31 March 2007	—	—	—

15. Intangible assets

	Group		
	Goodwill	Other intangible assets	Total
	HK$'000	*HK$'000*	*HK$'000*
Net book amount as at 1 April 2007	—	—	—
Additions	901,142	2,000	903,142
Amortisation *(note)*	—	—	—
Net book amount as at 31 March 2008	901,142	2,000	903,142

Note:

Amortisation of other intangible assets is not provided as the assets are not ready for its intended use.

Goodwill arose from the acquisition of the China Wind Power during the year. The Group has assessed the recoverable amount of goodwill for Wind Power Group's cash generating units and determined that such goodwill has not been impaired.

The valuation is calculated based on a value in use calculation. The value in use is the present value of estimated future cash flow expected to arise from the continuing use of an asset. The calculation used cash flow projections based on cash flow of the financial budgets approved by management covering a ten-year period and the pre-tax discounted rate is 13.2%. Other key assumptions are budgeted revenue and gross profit margin. Management determined these key assumptions are based on past performance and its expectation on market development.

The goodwill on acquisition is attributable to the anticipated profitability of the Company and its subsidiaries identified according to their operations. The Group and its subsidiaries operate in the wind power business, in particular engineering, procurement and construction services ("EPC services"), wind power equipment manufacturing as well as wind power plant investment and operations.

Other intangible assets arose from the acquisition of the China Wind Power on 1 August 2007. It represents the Wind Power Plant Cooperation Agreements signed with relevant local government authorities in PRC.

16. Interests in subsidiaries

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost *(Note ii)*	**977,905**	—
Amounts due from subsidiaries *(Note i)*	**1,052,559**	160,197
Less: Provisions for amounts due from subsidiaries	**(128,474)**	(130,510)
	1,901,990	29,687
Current	**(261,585)**	(29,687)
	1,640,405	—

Notes:

(i) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statements

16. Interests in subsidiaries *(Continued)*

(ii) As at 31 March 2008, particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration/ operations, and type of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Wind Power Holdings Ltd*	British Virgin Islands, limited company	1 ordinary shares of US$1	100%	—	Investment holding
Glad Power Investments Limited*	British Virgin Islands, limited company	50,000 ordinary shares of US$1	—	100%	Investment holding
Century Concord Holdings Ltd*	British Virgin Islands, limited company	40,000 ordinary shares of US$1	—	100%	Investment holding
CCH Wind Power Holdings Limited*	British Virgin Islands, limited company	1 ordinary share of US$1	—	100%	Investment holding
CCH Energy Investment Limited*	British Virgin Islands, limited company	1 ordinary share of US$1	—	100%	Investment holding
Top Well Holdings Limited*	British Virgin Islands, limited company	1 ordinary share of US$1	—	100%	Investment holding
CWP Construction Limited*	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
CWP Technology Limited*	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
CWP Investment Limited*	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
CWP Development Limited*	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
CWP Holdings Limited*	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
CWP Enterprises Limited*	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
Beijing Shi Ji Ju He Wind Power Technology Co., LTD.*	PRC, wholly-owned foreign enterprise	Registered capital of US$2,500,000	—	100%	Research and development in wind power technology. Provision of technical services

16. Interests in subsidiaries *(Continued)*

(ii) As at 31 March 2008, particulars of the principal subsidiaries are as follows: *(Continued)*

Name	Place of incorporation/ registration/ operations, and type of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jilin Tian He Wind Power Equipment Co., Ltd.*	PRC, wholly-owned foreign enterprise	Registered capital of HK$213,661,300	—	100%	Wind power equipment repair and maintenance
Beijing Guo Hua Ai Di Wind Power Technology Services Co., Ltd.*	PRC, limited company	Registered capital of RMB10,000,000	—	100%	Wind power equipment repair and maintenance
Jilin CWP Power Engineering Co., Ltd*	PRC, Sino-foreign equity joint venture	Registered capital of RMB20,000,000	—	90.1%	Power plant facilities construction
Beijing Ju He Power Technology Design CO., Ltd*[(†)]	PRC, wholly-owned foreign enterprise	Registered capital of HK$50,000,000	—	100%	Wind power system design, research and exploitation.
Nam Pei Hong Sum Yung Drugs Company Limited	Hong Kong, limited company	HK$1,200,000	—	100%	Wholesale and retail of Chinese medicines, dried seafood and health products
N P H Sino-Meditech Limited	Hong Kong, limited company	HK$2	—	100%	Provision of Chinese clinical services

* *Acquired during the year*

(†) *For identification purpose only*

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.

17. Interests in associates

	2008 HK$'000
Share of net assets of associates	**71,313**

As at 31 March 2008, particulars of the principal associates are as follows:

Name of associates	Place of incorporation/ registration/ operations, and type of legal entity	Nominal value of issued ordinary/ registered share capital	Interest held indirectly	Principal activities
Changtu Liaoneng Xiexin Wind Power Co., Ltd.(†) 昌圖遼能協鑫風力發電有限公司	PRC, Sino-foreign equity joint venture	RMB143,000,000	25%	Wind power plant investment and operation
Zhengzhou Zhengji Century Concord Equipment Co., Ltd.(†) 鄭州正機協合能源設備有限公司	PRC, Sino-foreign equity joint venture	RMB10,000,000	28%	Manufacturing of wind power facilities
Guohua CWP (bayan Naoen) Wind Power Ltd. 國華協合(巴彥淖爾)風電有限公司	PRC, Sino-foreign equity joint venture	RMB171,500,000	25%	Wind power plant investment and operation
The Taipusiqi Century Concord-Shenhua Wind Power Investment Limited 太仆寺旗申華協合風力發電投資有限公司	PRC, Sino-foreign equity joint venture	RMB136,000,000	24.5%	Wind power plant investment and operation

(†) *For identification purpose only*

Summarised combined financial information of the associates of the Group is as follows:

	2008 HK$'000
Total assets	**501,328**
Total liabilities	**(218,998)**

For the period from 1 August 2007, the completion date of the acquisition, to 31 March 2008

	HK$'000
Income	**32,406**
Expenses	**(20,571)**
Profit for the period	**11,835**

18. Interests in jointly controlled entities

	Group 2008 *HK$'000*
Share of net assets *(Note ii)*	**330,236**
Loans to JCEs — Non-current *(Note 34(a))*	**95,502**
	425,738
Deposits from JCEs	**(67,029)**
Amounts due from JCEs *(Note i)*	**137,819**
	496,528

(i) Included in amounts due from JCEs of 31 March 2008 was approximately HK$4,903,000 (2007: Nil) representing retention money held by customers in respect of construction in progress. Remaining amounts represent the trade receivables from JCEs, including HK$60,323,000 amounts due from JCEs for contract work. The Group's credit terms granted to JCEs is 90 days.

The total amount of progress billings of the construction in progress, included in the estimated value of work performed as at 31 March 2008 was approximately HK$94,018,000. The related construction costs incurred as at 31 March 2008 was approximately HK$39,875,000.

(ii) As at 31 March 2008 particulars of the principal JCEs are as follows:

Name of jointly controlled entities	Place of incorporation/ registration/ operations, and type of legal entity	Nominal value of issued ordinary/ registered share capital	Proportion of nominal value of issued/registered capital indirectly held by the Group	Proportion of voting power held	Principal activities
Jilin CWP-milestone Wind Power Co., Ltd. 吉林里程協合風力發電有限公司	PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation
FuXin Union Wind Power Co., Ltd. (†)阜新聯合風力發電有限公司	PRC, Sino-foreign equity joint venture	RMB121,500,000	50%	50%	Wind power plant investment and operation

18. Interests in jointly controlled entities *(Continued)*

(ii) As at 31 March 2008 particulars of the principal JCEs are as follows: *(Continued)*

Name of jointly controlled entities	Place of incorporation/ registration/ operations, and type of legal entity	Nominal value of issued ordinary/ registered share capital	Proportion of nominal value of issued/registered capital indirectly held by the Group	Proportion of voting power held	Principal activities
The ErLianHaoTe Changfeng Century Concord Wind Power Exploiture Ltd. 二連浩特長風協合風電開發有限公司	PRC, Sino-foreign equity joint venture	RMB76,000,000	49%	50%	Wind power plant investment and operation
Jilin Taihe Wind Power Co., Ltd. 吉林泰合風力發電有限公司	PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation
Tongliao Taihe Wind Power Co., Ltd. (†)通遼泰合風力發電有限公司	PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation
Century Concord Energy Investment Limited 協合能源控股有限公司	British Virgin Islands, limited Company	2 ordinary share of US$1	50%	50%	Investment holding

(†) *For identification purpose only*

Summarised combined financial information of jointly controlled entities of the Group is as follows:

	2008
	HK$'000
Assets:	
Non-current assets	**602,439**
Current assets	**286,163**
	888,602
Liabilities:	
Current liabilities	**(294,783)**
Net assets	**593,819**
Capital commitments	**220,578**

18. Interests in jointly controlled entities *(Continued)*

For the period from 1 August 2007, the completion date of the acquisition, to 31 March 2008

	HK$'000
Income	**—**
Expenses	**(3,672)**
Loss for the period	**(3,672)**

There are no contingent liabilities relating to the Group's interest in the JCEs, no contingent liabilities of the venture itself. The Group's capital commitments in relation to its interest in the JCEs are disclosed in Note 33(b).

As at 31 March 2008, the JCEs which are principally engaged in wind power plant investment and operation, have yet to obtain the formal land use right certificates for wind power plants. The directors of the JCEs believe that the use of and the conduct of relevant activities above mentioned land are not affected by the fact that the relevant land use right certificates have not been obtained. JCEs directors believe that this will not have any material adverse effect on JCEs' results of operations and financial conditions.

19. Inventories

	Group	
	2008	2007
	HK$'000	*HK$'000*
Raw materials	**41,238**	—
Work in progress	**1,630**	—
Finished goods and merchandised goods	**12,102**	9,124
	54,970	9,124

As at 31 March 2008, no inventories are carried at net realisable value (2007: Nil).

20. Trade receivables, net

	Group	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**43,564**	2,304
Less: provision for impairment of receivables	**(294)**	(274)
	43,270	2,030

An aged analysis of the trade receivables, based on invoice date, as at the balance sheet date, net of provisions, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**43,107**	1,909
4 to 6 months	**132**	100
7 to 12 months	**31**	—
Over 12 months	**—**	21
	43,270	2,030

20. Trade receivables, net *(Continued)*

Trade receivables that are less than three months past due are not considered impaired. As at 31 March 2008, trade receivables of HK$1,923,000 (2007: HK$384,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. An aged analysis of trade receivables past due is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
3 months	**1,887**	364
3 to 6 months	**36**	20
	1,923	384

The Group's credit terms granted to customers of range between 30 and 180 days.

The carrying amounts of trade receivables are approximate to their fair values and approximately 90% of the total carrying amounts are denominated in RMB and 10% are denominated in HKD.

Movements on the provision for impairment of trade receivables are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
At 1 April	**274**	14,804
Provision for receivable impairment *(Note 7)*	**20**	87
Disposal of subsidiaries	**—**	(14,617)
At 31 March	**294**	274

The maximum exposure to credit risk at the reporting date is the fair value. The Group does not hold any collateral as security.

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21. Prepayments, deposits and other receivables — Group and Company

	Group	
	2008	2007
	HK$'000	*HK$'000*
Prepayments	**709**	701
Deposits *(note a)*	**147,174**	2,537
Other receivables	**62,555**	280
	210,438	3,518

	Company	
	2008	2007
	HK$'000	*HK$'000*
Prepayments, deposits and receivables	**24,751**	362

The carrying amounts of other receivables are approximate to their fair values and approximately 87% of the total carrying amounts is denominated in RMB and 13% denominated in HKD.

Note:

(a) As at 31 March 2008, the Group paid deposits of HK$143,658,000 to suppliers for raw materials and subcontractors in relation to the construction of wind power plants. These deposits were paid for meeting future sales orders and in anticipating the raw materials rising prices.

22. Cash and cash equivalents — Group and Company

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**115,135**	12,669	**5,071**	1
Short-term bank deposits	**220,396**	10,000	**—**	—
	335,531	22,669	**5,071**	1
Maximum exposure to credit risk	**335,284**	22,470	**5,071**	—

The weighted effective interest rate on the Group's cash, bank balances and short-term bank deposits is 3.94% (2007: 3.59%). The carrying amounts of cash, bank balances and short-term bank deposits approximately 69% of the total carrying amount is denominated in HKD and 31% denominated in RMB.

23. Trade payables

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**19,272**	6,967
4 to 6 months	**1,399**	927
7 to 12 months	**1,291**	28
Over 12 months	**138**	187
	22,100	8,109

The carrying amounts of trade payables are approximate to their fair values and approximately 60% of the total carrying amounts is denominated in RMB and 40% in HKD.

24. Borrowings — Group and Company

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank loan, secured	**6,542**	—	**—**	—
Finance lease payables *(Note i)*	**159**	—	**59**	—
	6,701	—	**59**	—

At 31 March 2008, the borrowings were repayable as follows:

	Group			Company
	Bank loan	Finance lease payables	Total	Finance lease payables
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current	6,542	36	6,578	14
Non-current	—	123	123	45
	6,542	159	6,701	59

Group

	Bank loan		Finance lease payables		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**6,542**	—	**36**	—	**6,578**	—
Between 1 and 2 years	**—**	—	**36**	—	**36**	—
Between 2 and 5 years	**—**	—	**87**	—	**87**	—
	6,542	—	**159**	—	**6,701**	—

Company

	Finance lease payables	
	2008	2007
	HK$'000	*HK$'000*
Within 1 year	**14**	—
Between 1 and 2 years	**14**	—
Between 2 and 5 years	**31**	—
	59	—

24. Borrowings — Group and Company *(Continued)*

Note:

(i) Finance lease payables

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**43**	—	**36**	—
Between 1 and 2 years	**43**	—	**36**	—
Between 2 and 5 years	**102**	—	**87**	—
	188	—	**159**	—
Less: Finance charges	**(29)**	—	**—**	—
Present value of finance lease payables	**159**	—	**159**	—
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(36)**	—
Amount due for settlement after 12 months			**123**	—

The Group's finance lease payables are secured by the lessor's charge over the leased assets.

The effective interest rates at the balance sheet date were as follows:

	2008	2007
Bank loan	**3.74%**	—
Finance lease payables	**6.29%**	—

The carrying amounts of the borrowings are denominated in HKD.

25. Convertible preference shares — Group and Company

On 6 December 2006, the Company issued 2,160,000,000 convertible preference shares with a par value of HK$0.01 each at a price of HK$0.027 each to raise a total of approximately HK$58,320,000 for the Company.

The holders of the convertible preference shares of HK$0.01 each were entitled to receive a fixed cumulative dividend of 5% per annum of the issue price of each preference share.

At 31 March 2008, the convertible preference shares of HK$0.01 each were fully converted into new ordinary shares of HK$0.01 each in the share capital of the Company (Note 27).

	Number of shares	**Nominal Amount**
	'000's	*HK$'000*
Convertible preference shares of HK$0.01 each:		
Authorised		
Balance at 1 April 2007	2,500,000	25,000
Issued and fully paid:		
Balance at 1 April 2007	2,160,000	21,600
Conversions during the year *(Note 27)*	(2,160,000)	(21,600)
Balance at 31 March 2008	—	—

26. Convertible notes — Group and Company

	Group and Company 2008 HK$'000
Non-Current liabilities	
Convertible note, secured — issued *(Note)*	**64,700**
Convertible note, secured — to be issued *(Note)*	**69,230**
Carrying amount at the end of year	**133,930**

The convertible notes, with 1% coupon rate, are convertible at the option of the holder, in whole or in part, within the agreed period, into new shares of the Company at the conversion price of HK$0.099 per share, subject to adjustment. The fair value of the liability component is included in non-current liabilities, which was calculated using a market interest rate for an equivalent non-convertible loan. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves (Note 29). The details of each convertible notes and their related fair value inputs are summarised below:

(i) On 1 August 2007, the Company issued first tranche convertible notes with a principal amount of HK$100,000,000 to satisfy the minimum consideration for the acquisition of Wind Power Group ("Convertible note – issued"). The fair value of Convertible note, — issued is calculated using the Binomial model with the major inputs as at the issuance date as follows:

Stock price	HK$1.21
Expected volatility	50%
Risk free rate	4.31%

26. Convertible notes — Group and Company *(Continued)*

(ii) Under the Sales and Purchase Agreement for the acquisition of China Wind Power, the Company agreed to issue the second tranche convertible notes with a principal amount of HK$100,000,000 to settle the contingent consideration when the profit target is met by China Wind Power for the period from 1 August 2007, the completion date of the acquisition, to 31 March 2008 (the "Agreed Period"). Based on the unaudited management accounts of China Wind Power for the Agreed Period, which shows the unaudited net profit of China Wind Power for the Agreed Period in excess of the profit target, management considered the profit condition for the issuance of second tranche of convertible notes ("Convertible note — to be issued") has been met. As a result, the related fair value of Convertible note — to be issued has been adjusted as an additional consideration for the acquisition of China Wind Power. The fair value of Convertible note — to be issued is calculated using the Binomial model with major inputs as at the date when the profit condition for the issuance of the convertible notes — to be issued has been met are summarised below:

Stock price	HK$0.43
Expected volatility	80%
Risk free rate	2.76%

The movement of the liability component of the convertible notes for the year is set out below:

	2008
	HK$'000
Carrying amount	
Convertible note — issued *(Note i)*	**640,750**
Convertible note — to be issued *(Note ii)*	**333,060**
	973,810
Equity component *(Note 29)*	**(844,204)**
Liability component	**129,606**
Interest expense *(Note 8)*	**4,993**
Interest paid	**(669)**
Carrying amount at the end of the year	**133,930**

27. Share capital

	2008	2007
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2007: 3,500,000,000) ordinary shares of HK$0.01 each	**100,000**	35,000
Issued and fully paid:		
4,554,470,578 (2007: 950,379,699) ordinary shares of HK$0.01 each	**45,545**	9,503

27. Share capital *(Continued)*

A summary of the transactions during the year with reference to the movements of the Company's ordinary share capital is as follows:

	No. of shares	Nominal value
	'000's	*HK$'000*
Authorised:		
At 1 April 2007: 3,500,000,000 ordinary shares of HK$0.01 each	3,500,000	35,000
Increase in authorised share capital *(Note a)*	6,500,000	65,000
As at 31 March 2008: 10,000,000,000 new ordinary shares of HK$0.01 each	10,000,000	100,000
Issued and fully paid:		
At 1 April 2007: 950,379,669 ordinary shares of HK$0.01 each	950,380	9,503
Subscription of new ordinary shares at HK$0.01 each *(Note b)*	1,260,000	12,600
Issues of ordinary shares at HK$0.01 each on conversions of convertible preference shares *(Note c)*	2,344,091	23,442
At 31 March 2008: 4,554,470,578 ordinary shares of HK$0.01 each	4,554,471	45,545

During the year, the Company has the following movements in the share capital:

(a) Increase in authorised share capital

The Company's authorised share capital was increased to HK$60,000,000 and then to HK$100,000,000 by the creation of approximately 2,500,000,000 and 4,000,000,000 new ordinary shares of HK$0.01 each. Details of the increase in authorised share capital were disclosed in the Company's circulars dated 19 March 2007 and 13 July 2007 respectively.

(b) Subscription of new shares

Pursuant to a placing and subscription agreement executed by the Company, on 3 July 2007, a total of 800 million ordinary shares of HK$0.01 each were issued at an issue price of HK$0.50 per share, raising net proceeds of approximately HK$387 million. Details of the transaction were disclosed in the Company's announcement dated 23 May 2007.

Pursuant to a placing and subscription agreement executed by the Company on 30 July 2007, a total of 460 million ordinary shares of HK$0.01 each were issued at an issue price of HK$1.20 per share, raising net proceeds of approximately HK$536 million. Details of the transaction were disclosed in the Company's announcement dated 31 July 2007.

27. Share capital *(Continued)*

(c) Conversion of convertible preference shares

On 25 May 2007, 1,350,000,000 ordinary shares par value HK$0.01 each of the Company were issued as a result of the conversion of 1,350,000,000 convertible preference shares.

On 30 July 2007, 200,000,000 ordinary shares par value HK$0.01 each of the Company were issued as a result of the conversion of 162,962,963 convertible preference shares.

On 12 October 2007, 188,000,000 ordinary shares par value HK$0.01 each of the Company were issued as a result of the conversion of 153,185,185 convertible preference shares.

On 2 November 2007, 50,000,000 ordinary shares par value HK$0.01 each of the Company were issued as a result of the conversion of 40,740,741 convertible preference shares.

On 12 November 2007, 556,090,909 ordinary shares par value HK$0.01 each of the Company were issued as a result of the conversion of 453,111,111 convertible preference shares.

28. Share option schemes

The Company operates share option schemes as follows:

(i) The first Share Option Scheme for employees of the Group which was adopted on 22 September 1997 and expired on 5 November 2001.

(ii) The second Share Option Scheme was adopted on 25 September, 2001 and became effective on 6 November 2001 and subsequently terminated on 16 April 2007.

(iii) The third Share Option Scheme was adopted on 16 April 2007 as an incentive to the Group's employees and business associates. This scheme shall be valid for a period of ten years ending on 15 April 2017.

The maximum number of shares in respect of which option may be granted under the third Share Option Scheme and any other schemes of the Company may not exceed 10 percent of the issued share capital of the Company at the date of adoption of the third Share Option Scheme. The maximum entitlement of each eligible participant in the total number of shares issued and to be issued upon exercise of options granted under the third Share Option Scheme and any other Share Option Schemes of the Company in any 12 month period shall not exceed 1% of the total number of shares in issue.

As at 31 March 2008, there is no option granted under the Share Option Scheme of the Company.

29. Reserves

The details of movements in the Group's reserves are set out in the consolidated statement of changes in equity on page 29.

The details of the movements in the Company's reserves are set out as follows:

	Notes	Share premium account HK$'000	Contributed Surplus *(Note i)* HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2006		140,694	78,810	297	(419,287)	(199,486)
Capital reduction		—	—	—	138,976	138,976
Issuance of ordinary shares		13,770	—	—	—	13,770
Issuance of convertible preference shares		—	—	46,933	—	46,933
Deemed contribution *(Note ii)*		8,000	—	—	—	8,000
Loss for the year		—	—	—	(333)	(333)
At 31 March 2007		162,464	78,810	47,230	(280,644)	7,860
Recognition of equity components of convertible notes	*26*	—	—	844,204	—	844,204
Issuance of ordinary shares	*27*	939,400	—	—	—	939,400
Conversion of convertible preference shares	*25, 27*	33,696	—	(46,933)	—	(13,237)
Cost of issuance of shares		(28,221)	—	—	—	(28,221)
Loss for the year		—	—	—	(915)	(915)
At 31 March 2008		1,107,339	78,810	844,501	(281,559)	1,749,091

Notes:

(i) The Company's contributed surplus represented the excess of the fair value of the shares of the former holding company acquired pursuant to the group reorganisation in the previous year, over the nominal value of the Company's shares issued in exchange therefor.

(ii) Pursuant to a restructuring agreement, dated 7 September 2005, Gain Alpha, the substantial shareholder of the Company agreed to pay fees, costs and expenses in connection with the implementation of the restructuring proposal of HK$8,000,000. Upon the completion of the restructuring on 6 December 2006, the amount was deemed to be an addition to the share premium of the Company.

30. Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets are recognised for tax losses carry forward purposes only to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group recognises deferred tax assets to the extent of recognised deferred tax liabilities and has unrecognised tax losses of HK$116,899,000 (2007: HK$103,683,000) to carry forward against future taxable income. The tax losses mentioned above can be carried forward indefinitely, subject to final approval by the Inland Revenue Department in Hong Kong.

Details of unrecognised deferred tax assets at the balance sheet date are as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Excess of tax allowance over depreciation	**(633)**	(575)
Tax losses	**(20,457)**	(18,144)
	(21,090)	(18,719)

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

31. Notes to the consolidated cash flow statement

(a) Acquisition of interests in subsidiaries

On 29 April 2007, the Company entered into a conditional Sale and Purchase Agreement ("the S&P Agreement") with China Wind Power Investment Limited ("Vendor") under which the Company agreed to acquire the entire issued share capital of China Wind Power Holdings Limited ("China Wind Power"), a limited liability company incorporated in the British Virgin Islands, and its subsidiaries. The minimum consideration for the acquisition is HK$100,000,000 and the maximum consideration is HK$200,000,000 depending on the audited net consolidated profit of the China Wind Power and its subsidiaries for the period from the completion date of acquisition to 31 March 2008 or the year immediately following the completion of the S&P Agreement. On 1 August 2007, the consideration for the acquisition was settled by the issuance of convertible notes with a principal amount of HK$100,000,000. As at 31 March 2008, management considered the profit condition for the issuance of the second tranche convertible notes has been met. Accordingly, an additional consideration was adjusted (note 26) and the second tranche convertible notes with a principal amount of HK$100,000,000 will be issued. The amount of the goodwill arising as a result of the acquisition completed on 1 August 2007 was approximately HK$901,142,000. Details of the transactions were disclosed in the Company's announcement dated 21 May 2007.

China Wind Power is principally engaged in the development, construction, operation, management and investment in wind power facilities in the PRC. China Wind Power also plans to engage in the development, manufacture and sale of wind power electricity generating facilities.

31. Notes to the consolidated cash flow statement *(Continued)*

(a) Acquisition of interests in subsidiaries *(Continued)*

The net assets acquired in the transaction and the goodwill arising are as follows:

	Acquiree's carrying amount 1 August 2007 *HK$'000*	**Fair Value 1 August 2007** *HK$'000*
Net assets acquired of:		
Property, plant and equipment	402	402
Interests in associates	40,962	40,962
Interests in jointly controlled entities	69,062	69,062
Other receivables	3,682	3,682
Intangible assets	—	2,000
Cash and cash equivalents	63,441	63,441
Amount due to a minority shareholder	(1,033)	(1,033)
Other payables and accruals	(22,344)	(22,344)
Borrowings	(73,095)	(73,095)
Minority interests	(6,314)	(6,314)
Net assets	74,763	76,763
Goodwill		901,142
		977,905
Satisfied by:		
Incidental acquisition costs		4,095
Fair value of convertible notes issued and to be issued		973,810
Fair value of total consideration		977,905

31. Notes to the consolidated cash flow statement *(Continued)*

(a) Acquisition of interests in subsidiaries *(Continued)*

Analysis of the net cashflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2008
	HK$'000
Cash consideration	(4,095)
Cash and bank balance acquired	63,441
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	59,346

The goodwill arising on acquisition is attributable to the anticipated profitability of the Group in the business of Wind power business.

China Wind Power contributed approximately HK$216,344,000 to the Group's revenue, HK$100,986,000 profit to the Group's profit after minority interest for the period between the date of acquisition and 31 March 2008.

If the acquisition had been completed on 1 April 2007, the Group's total revenue for the year would have been HK$297,454,000, and profit for the year would have been approximately HK$108,482,000.

31. Notes to the consolidated cash flow statement *(Continued)*

(b) Disposal of subsidiaries

	2008	2007
	HK$'000	*HK$'000*
Carrying value of net assets/(liabilities) disposed of:		
Property, plant and equipment	**—**	2
Long-term investments	**20,892**	—
Investment property	**—**	835
Prepayment and other receivables	**1,535**	170
Financial assets at fair value through profit or loss	**27,215**	—
Cash and cash equivalents	**152**	33
Trade payables	**—**	(6,234)
Other payables and accruals	**(424)**	(14,444)
Taxation	**—**	(651)
Reserves	**1,663**	(15,180)
	51,033	(35,469)
Gain on disposal of subsidiaries	**15,204**	35,469
	66,237	—
Satisfied by:		
Cash	**10,000**	—
Consideration receivable	**56,237**	—
	66,237	—

Analysis of the net cashflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	2008	2007
	HK$'000	*HK$'000*
Cash consideration	**10,000**	—
Cash disposed	**(152)**	(33)
Net inflow/(outflow) of cash and equivalents in respect of the disposal of subsidiaries	**9,848**	(33)

32. Major non cash transactions

Part of the consideration of the purchase of subsidiaries was settled by the issue of the convertible notes. Further details of the acquisition are set out in Note 31(a).

33. Commitments

Operating lease commitments

As lessee

The Group leases certain of its office and retail properties under operating lease arrangements.

At the balance sheet date, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
No later than 1 year	**9,349**	6,085
Later than 1 year and no later than 5 years	**9,796**	2,258
	19,145	8,343

Capital Commitments

		Group	
		2008	2007
		HK$'000	*HK$'000*
(a)	Property, plant and equipment Contracted but not provided for	**408**	—

(b) The Group has entered into a joint venture arrangement to develop wind power projects in PRC. Equity contributions required and made by the Group under the project is summarised below:

Project name	**Total equity contributions required**	**Amount contributed as at 31 March 2008**	**Remaining balance to be contributed**
Guohua CWP (Bayannaoer) Wind Power Ltd. 國華協合（巴彥淖爾）風電有限公司	RMB42,875,000	RMB21,812,000	RMB21,063,000

(c) The Group has authorised but not contracted for a number of joint venture agreements to develop wind power projects in PRC. Equity contributions required and made by the Group under each project are summarised below:

Project name	**Total equity Contribution required** *HK$'000*
Liaoning Zhangwu Qujiagou Project 曲家溝項目	82,320
Inner Mongolia Wuchuan Project 武川義和合項目	91,270

34. Related party transactions

In the opinion of the Directors, the ultimate holding company is Gain Alpha Finance Limited, which is incorporated in the British Virgin Islands.

(a) The following transactions were carried out with related parties, except for disclosed elsewhere in these consolidated financial statements:

	2008	2007
Interest income from a former intermediate holding company	**—**	769
Finance costs incurred on loan from a substantial shareholder	**—**	194
Sales of goods and services to JCEs *(Note i)*	**175,355**	—
Loan interests *(Note ii)*	**2,783**	—

Notes:

(i) The sales and purchases of goods were negotiated with related parties on mutually agreed terms.

(ii) The loans to JCEs amount to HK$94,393,000, which are unsecured, and at annual interest rate ranging from 7.47% to 12%, and repayable in on demand.

(b) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. It comprises five (2007: one) of the executive directors and five (2007: six) members of senior management group. The total remuneration of the key management personnel is shown below:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**4,025**	2,035
Termination benefits	**—**	—
Post-employment benefits	**—**	—
Other long-term benefits	**—**	—
Share-based payments	**—**	—
	4,025	2,035

35. Gain on restructuring

On 6 December 2006, the restructing of the Company including debt and capital restructuring ("Restructuring") was completed.

The following gains/(losses) were resulted from the Restructuring:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Net gain from transfer of financial assets and extinguishment of financial liabilities *(Note i)*	—	44,574
Gain on disposal of subsidiaries *(Note ii)*	—	35,469
Restructuring costs	—	(35,213)
	—	44,830

Notes:

(i) As part of the Restructuring, all the claims by the creditors admitted by the Restructuring ("Scheme Creditors") against the Company were discharged and waived by way of schemes of arrangements under section 166 of the Hong Kong Companies Ordinance and section 99 of the Bermuda Companies Act ("Schemes"). The Schemes for the Scheme Creditors were sanctioned by the Orders of the Supreme Court of Bermuda and the High court of Hong Kong on 3 November 2006 and 21 November 2006 respectively.

Upon the successful Completion of the Restructuring, all liabilities existed at the date of appointment of the provisional liquidators of the Company ("pre-existing creditors") were compromised and discharged through the Schemes and/or by specific agreement. The excess of the amount of liabilities over the amount of assets transferred to the Schemes was recognised as gain arising on restructuring in the consolidated income statement.

(ii) Integral to the Restructuring was the disposal of subsidiaries that were non-strategic to the future development of the Group. The gain from disposal of the subsidiaries was recognised in the consolidated income statement for that year.

36. Events after the balance sheet date

There were no significant subsequent event after balance sheet date up to the date of approval of the financial statements.

Five Year Financial Summary

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 March				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**324,936**	59,483	49,323	62,929	142,004
Finance costs	**(5,293)**	(1,353)	(5,903)	(7,098)	(11,517)
Share of results					
— associates	**3,032**	—	—	—	—
— jointly controlled entities	**(2,265)**	—	—	—	—
Gain on deconsolidation of a subsidiary	**—**	—	—	16,686	—
Expenses, net	**(212,323)**	(24,532)	(34,007)	(76,239)	(225,507)
Profit/(loss) before income tax	**108,087**	33,598	9,413	(3,722)	(95,020)
Income tax expense	**—**	—	—	(1)	(15)
Minority interests	**(8,023)**	—	—	—	3,121
Profit/(loss) attributable to the equity share holders	**100,064**	33,598	9,413	(3,723)	(91,914)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	2008	2007	2006	2005	2004
Total assets	**2,195,676**	42,345	31,175	26,276	138,983
Total liabilities	**(247,852)**	(24,882)	(108,933)	(113,447)	(222,431)
Net assets/(liabilities)	**1,947,824**	17,463	(77,758)	(87,171)	(83,448)
Equity/(deficiency) attributable to equity holders of the Company	**1,937,275**	17,463	(77,758)	(87,171)	(83,448)
Minority interests	**10,549**	—	—	—	—
	1,947,824	17,463	(77,758)	(87,171)	(83,448)