China Power New Energy Development Company Limited

中國電力新能源發展有限公司*

CPNE

Incorporated in Bermuda with limited liability

Stock Code : 735

Annual Report 2008

* for identification purpose only

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Li Xiaolin *(Chairman)*
Mr. Lai Leong *(Vice Chairman)*
Mr. Zhao Xinyan
Mr. Wang Hao
Mr. Clive William Oxley OBE, ED
Mr. Liu Genyu *(Chief Executive Officer)*
Mr. Cheng Chi

Independent Non-Executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Chiang Chi Kin, Stephen

QUALIFIED ACCOUNTANT

Mr. Ho Yau Hong, Alfred

AUDITORS

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

The Standard Chartered Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

STOCK CODE

735

WEBSITE

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CHAIRMAN'S STATEMENT

To our shareholders

On behalf of the Board of Directors (the "Board") of China Power New Energy Development Company Limited (the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group") for the financial year ended 30 April 2008.

The Group continues to focus its attention on the development of its new energy generating business and has achieved satisfactory results in the past year.

During the period under review, the PRC government introduced a series of preferential policies in an aggressive manner to promote the development and utilization of environmentally clean energy. Although such aggressive preferential policies can be viewed solely as a result of the escalating prices of fossil fuels resulting from booming demand, the underlying reason is because of an increase in governmental and social awareness of the need to protect the environment. Taking advantage of these business opportunities, the Group has made timely investments in environmentally clean energy, namely wind power, hydro-electric power, biomass power, waste-to-energy power and liquefied natural gas power generation with a total installed capacity of 941MW within the financial year under review. These projects, all of which are successfully operating, have helped to diversify investment risks and have set a solid foundation for the Group's future.

In March 2008, China Power New Energy Limited, a shareholder of the Company, exercised all its convertible notes at the exercise price of HK$1.27 per share and thereby became the single largest shareholder of the Company. A clear demonstration of our shareholder's support of the Group's rapid development, as well as showing great confidence in our future, at a board meeting held on 30 April 2008, Mr. Liu Genyu and Mr. Cheng Chi, with extensive experience in energy related industry and financial management respectively, were appointed executive directors of the Company. Mr. Liu was also appointed as Chief Executive Officer in February 2008. We believe our success lies principally in the expertise and conscientiousness of our staff, the support of our shareholders and bankers, and our insistence on good corporate governance.

The PRC government has demonstrated its commitment to new energy development. Coupled with the increasing demands for energy along with the need to protect the environment, the Group is determined to further expand its new energy power business under China's blueprint for 10,000MW wind power installations, and to this end the Group will expedite the development and construction of wind power projects to establish several more wind power farms of over 500MW each. Efforts will also be put into the development of waste-to-energy power generation and hydro-electric power generation in developed regions and areas with abundant water resources. The Group expects to boost its installed capacity through acquisitions of potentially profitable quality projects in the near future, while keeping a close watch on research into the effective utilisation of solar energy. These moves are set not only to bring attractive returns to the Company and its shareholders in the coming years, but will help realise our dream of providing "light to the world, and clear water and blue skies to our children".

I should like to thank our staff for their efforts and dedication upon which the Group's steady growth is based. I also take this opportunity to extend our gratitude to our shareholders, business partners and associates, bankers and auditors for their continued support and encouragement. With a passion for excellence, the Group will continue to be successful through the unremitting efforts of its staff.

Li Xiaolin
Chairman

29 August 2008

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 April 2008, the Group recorded a turnover of approximately HK$951,960,000 (2007: HK$121,492,000), representing an increase of 684% as new power projects acquired and/or completed during the year started to provide contributions to the Group. Gross profit was approximately HK$223,911,000 (2007: HK$48,583,000), representing an increase of 361%.

Finance costs, principally the payment of interest on existing loans taken over by the Group as a result of the acquisition of various new power projects, increased by 206%. Taking other expenses and the settlement of minority interests into account, the Group's profit attributable to equity holders amounted to approximately HK$6,931,000 (2007: loss of HK$38,160,000). Basic earnings per share were HK$0.13 cents (2007: loss per share of HK$1.4 cents per share).

BUSINESS ENVIRONMENT

During the year under review, China's economy continued to expand which increased its demand for energy. Recognizing that renewable energy is an important resource, the PRC government has introduced a series of policies including the promulgation of the "PRC Renewable Energy Law" (中華人民共和國可再生能源法), the "11th Five-Year Plan for Development of Renewable Energy" (可再生能源發展「十一五」規劃) and "Mid-term and Long-term Development Plans Regarding Renewable Energy" (可再生能源中長期發展規劃). Renewable energy is therefore playing an integral part in the mitigation of environmental pollution and in the economic development of China. The Group believes that the PRC government will continue to emphasise the development of renewable energy.

In addition, with a view to speeding up the development of renewable energy, the PRC State Electricity Regulatory Commission is reviewing existing policies regarding electricity generation and the tariff for renewable energy.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

Although the Group will retain its interest in existing businesses, it will, however, focus more attention on the power generation business. As and when appropriate, the Group may eventually dispose of and/or discontinue certain of its existing businesses and concentrate on environmentally-friendly energy projects and the property investment business.

On 16 January 2008, the Group completed the disposal of 51% of the entire issued share capital of Rich Crown International Industries Limited and the units at 17th floor of a commercial building in Shanghai, the PRC, the consideration of which was satisfied by 100% of the entire issued capital of Silver Portal Holdings Limited, which principally holds the Long Tu Property, a commercial property located at No. 216, Si Ping Road, Shanghai, the PRC.

In line with its business plan, during the year under review, the Group successfully acquired a number of projects in the wind power, hydro-electric power and waste-to-energy power generation sectors.

MANAGEMENT DISCUSSION AND ANALYSIS

Wind Power Generation Projects

Phase I of the Gansu Power Project (甘肅電力項目一期)

On 11 October 2007, the Group entered into an agreement with 中國電力新能源有限公司 (China Power New Energy Limited) ("CP New Energy"), pursuant to which the Group agreed to acquire 100% of the entire issued share capital and shareholders' loan(s), if any, of Tianhong Holdings Limited ("Tianhong") for a consideration of HK$250 million. The above acquisition was completed on 25 January 2008. The principal asset of Tianhong is its 90% shareholding in 甘肅中電酒泉風力發電有限公司 (Gansu China Power Jiuquan Wind Electric Power Company Limited*) which has a special franchise to build, own and operate Phase I of the Gansu Power Project which is a wind power generation business with a capacity of 100MW located in Guazhou County, Gansu Province.

Phase I of the Gansu Power Project comprises 134 wind turbines, with an output of 0.75MW per generator, all of which came into operation in November 2007.

The following table sets out key operational statistics of Phase I of the Gansu Power Project for the year ended 30 April 2008:

	For the year ended 30 April 2008
Installed capacity (MW)	100
Average tariff (RMB/kWh)	0.4616
Average utilization hours (hours) (Annualised)	1,919
Gross generation (MWh) (Annualised)	135,890
Net generation (MWh) (Annualised)	131,750

Phase II of the Gansu Power Project (甘肅電力項目二期)

On 26 November 2007, the National Development and Reform Commission of Gansu Province gave its agreement to 中電國際新能源控股有限公司 (China Power International New Energy Holding Limited) ("China Power Shanghai"), a wholly-owned subsidiary of the Company, to undertake development of Phase II of the Gansu Power Project at Jiuquan City, Guazhou County, Gansu Province, the PRC.

Phase II of the Gansu Power Project is located to the west of Phase I of the Project and east of the National Highway No. 312. It has 66 wind turbines each of 750 kilowatt, with a total capacity of 50MW. This plant came into operation in the second half of 2008.

Phase III of the Gansu Power Project (甘肅電力項目三期)

On 26 November 2007, the National Development and Reform Commission of Jiuquan City referred the Group's application to the National Development and Reform Commission of Gansu Province for approval to construct Phase III of the Gansu Power Project, which will have a capacity of about 50MW in Jiuquan City, Guazhou County, Gansu Province, the PRC. The project is at the design stage.

MANAGEMENT DISCUSSION AND ANALYSIS

No. 5 Wind Farm in Beida Bridge (北大橋) in Gansu Province and No. 6 Wind Farm in Ganhekou (干河口) in Gansu Province

In accordance with the Notice of Approval of the 11th Five-year Construction Plan for a planned Wind Base of 10,000MW from the National Development and Reform Commission of Gansu Province to the National Development and Reform Commission dated 16 May 2008 (《甘肅省發展改革委員會轉發國家發展改革委關於甘肅千萬千瓦級風電基地「十一五」建設方案批覆的通知》), China Power Shanghai has been awarded the development rights of No. 5 Wind Farm with a capacity of 200MW at Beida Bridge in Guazhou as well as No. 6 Wind Farm with a capacity of 200MW at Ganhekou. The Group has commenced preliminary planning and will endeavour to complete the construction of the projects before the end of 2010.

Shanghai Sea Wind Power Plant (上海海風發電廠)

The Group completed the acquisition of 44% of the entire issued share capital of Tianhan Development Limited (天瀚發展有限公司*) ("Tianhan") on 2 May 2007 at a consideration of HK$375.25 million, which was settled by the issuance of 395,000,000 shares of the Company. The Group completed the acquisition of the remaining 56% of the entire issued share capital of Tianhan on 25 January 2008 and thereafter Tianhan became a wholly-owned subsidiary of the Group.

Tianhan holds 100% of the entire issued share capital of China Power Shanghai which in turn holds 24% of the registered capital of 上海東海風力發電有限公司 (Shanghai Dong Hai Wind Power Electric Generating Company Limited*) ("Shanghai Dong Hai"). The remaining 76% of the registered share capital of Shanghai Dong Hai is owned by 中國大唐集團公司 (China Da Tong Corporation*), 上海綠色環保能源有限公司 (Shanghai Green Environmental Energy Company Limited*) and 中廣核能源開發有限責任公司 (China Guangdong Nuclear Energy Development Company Limited*) in the proportion of 28%, 24% and 24% respectively.

Shanghai Dong Hai has the special franchise right to set up, own and operate a 100MW sea wind electricity generation project near Dong Hai Bridge, Shanghai, the PRC. Preliminary construction work has started. It is expected that the whole project will be completed in the first half of 2010.

Hydro-electric Power Generation Projects

Fujian Shaxikou Hydro-electric Power Plant (福建沙溪口水力發電廠)

The Group and CP New Energy entered into an agreement on 11 October 2007, pursuant to which the Group agreed to acquire the entire issued share capital and shareholder's loans, of Tianyuan Development Limited (天源發展有限公司*) ("Tianyuan") at a consideration of HK$1,230 million. The above acquisition was completed on 25 January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Tianyuan holds the entire issued share capital of CPI (Fujian) Power Development Limited (中電(福建)電力開發有限公司) ("CPI (Fujian)") which is the sole legal and beneficial owner and lawful operator of 福建沙溪口水力發電廠 (Fujian Shaxikou Hydro-electric Power Generating Plant*) (the "Shaxikou Plant"). The Shaxikou Plant is located on the Men Jiang River in the Nan Pang District, Fujian Province, the PRC and was completed around December 1994. The power plant has four power generating units, each with a capacity of 75MW, generating up to a total of 300MW of electricity. CPI (Fujian) also holds 33% interest in 福建壽寧牛頭山水電有限公司 (Fujian Shou Ning Nu Tou Shan Hydro Power Company Limited*) which has a 100% equity interest in 壽寧牛頭山水電站 (Shou Ning Nu Tou Shan Hydro Power*), 85% equity interest in 壽寧縣牛頭山二級水電有限公司 (Shou Ning County Nu Tou Shan Secondary Hydro Power Company Limited*) and 70% equity interest in 壽寧東淨電站 (Shou Ning Dong Xi Hydro Power Station*) with respective capacities of 100MW, 15MW and 7.2MW.

During the year under review, the Shaxikou Plant operated efficiently and contributed stable income to the Group. As at 1 July 2008, the National Development and Reform Commission of the PRC announced an increase in tariff for some power plants. The tariff of the Shaxikou Plant rose from RMB0.165 per kilowatt/hour to RMB0.18 per kilowatt/hour, representing an increase of 9%.

The following table sets out key operational statistics of the Shaxikou Plant for the year ended 30 April 2008:

	For the year ended 30 April 2008
Installed capacity (MW)	300
Average tariff (RMB/kWh)	0.165
Average utilization hours (hours)	2,800
Gross generation (MWh)	830,796
Net generation (MWh)	815,438

Biomass Power Project

Zhongdian Hongze Reproductive Substance Thermal Power Plant (中電洪澤生物質發電廠)

The Group owns the Zhongdian Hongze Reproductive Substance Thermal Power Plant located in Hongze County, Jiangsu Province, the PRC, occupying an area of approximately 7,500 square metres. It has one steam turbine unit generating up to 15MW of electricity with a maximum consumption of biomass of 120,000 tons per annum. The average tariff is approximately RMB 0.67 per kilowatt/hour. The plant has been in full scale operation since July 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Waste-to-energy Power Project

Dongguan Waste Incineration Power Plant (東莞廢物焚化發電廠)

On or about 1 August 2007, the Group completed the acquisition of 100% of the entire issued share capital and shareholders' loan of Worldtron Limited (華創有限公司*) ("Worldtron"). Worldtron indirectly owns 40% of the entire capital in issue of 東莞市科偉環保電力有限公司 (Dongguan City Kewei Environmental Power Company Limited*), which is principally engaged in the operation of a waste incineration power plant in Dongguan, the PRC (the "Dongguan Waste Incineration Power Plant"). The Dongguan Waste Incineration Power Plant utilizes municipal waste and garbage combined with coal to generate electricity, occupies a site area of over 120,000 square metres, has an annual processing capacity of approximately 400,000 tons of domestic garbage and is entitled to a waste treatment fee, which was increased from an average of RMB30 per ton to RMB70 per ton on 1 July 2008. This power plant has been operating smoothly and brought satisfactory returns to the Group during the year under review.

The table below sets out key operational statistics of the Dongguan Waste Incineration Power Plant for the year ended 30 April 2008.

	For the year ended 30 April 2008
Installed capacity (MW)	36
Average tariff (RMB/kWh)	0.58
Average utilization hours (hours)	7,842
Gross generation (MWh)	282,318
Net generation (MWh)	241,564
Waste treatment volume (tons)	347,170
Average waste treatment fee (RMB/ton)	30

Deqing Waste Incineration Power Plant (德清廢物焚化發電廠)

The Group owns a waste incineration power plant with an installed capacity of 12MW in Deqing, Fujian, the PRC. This plant processes approximately 1,200 tons of garbage every day. Construction of the power plant is expected to be completed by the end of 2009.

Kunming Waste Incineration Power Plant (昆明廢物焚化發電廠)

The Group owns a waste incineration power plant with an installed capacity of 45MW in Kunming, Yunnan, the PRC. This plant processes approximately 1,000 tons of garbage every day. Construction of the power plant is expected to be completed by the end of 2009.

Haikou Waste Incineration Power Plant (海口廢物焚化發電廠)

In August 2008, China Power Shanghai, together with 創冠環保(國際)有限公司 (Chuang Guan Huan Bao (International) Company Limited*) ("Chuang Guan"), an independent third party (China Power Shanghai and Chuang Guan collectively, the "Parties"), entered into an agreement (the "Agreement") with 海口市環境衛生管理局 (Haikou City Environmental Hygiene Management Bureau*) (the "Bureau"), pursuant to which the Bureau granted the Parties the right to invest, construct, operate and maintain a waste incineration plant in Haikou City, Hainan Island, the PRC (the "Hainan Project") for a period of 27 years from the date of the Agreement.

In accordance with the Agreement, the Parties shall establish a project company (the "Project Company"), which shall be owned as to 70% by China Power Shanghai and 30% by Chuang Guan respectively, for the purpose of carrying out the Hainan Project, the development of which is expected to be completed in 2011.

The total cost of investment of the Hainan Project is estimated to be approximately RMB482 million and is expected to be financed by (a) the registered capital of the Project Company which will be approximately RMB161 million (about RMB113 million of which shall be contributed by China Power Shanghai and about RMB48 million by Chuang Guan, which is in proportion to their respective shareholdings in the Project Company); and (b) bank borrowings for the remaining balance.

The waste incineration plant will have the capacity to process approximately 400,000 tons of domestic garbage per year which will generate approximately 24MW of electricity for sale per day. The agreed tariff rate is RMB0.6193 per kilowatt/hour and the Project Company will be entitled to receive a waste treatment fee of RMB48 per ton from the PRC government.

Natural Gas Power Project

Dongguan Natural Gas and Oil Power Plant (東莞天然氣及燃油發電廠)

The Group successfully completed the acquisition of 100% of the entire issued share capital of Top Dragon Asia Limited ("Top Dragon") on 1 August 2007. Top Dragon holds 100% of the entire issued share capital of Skycosmos Investment Limited (天宇投資有限公司*) which in turn holds 40% of the entire issued capital of 東莞東城東興熱電有限公司 (Dongguan Dong Cheng Dong Xin Heat and Power Company Limited*) ("Dongguan Dong Cheng").

On 26 April 2008, the Group completed the acquisition of the entire issued capital of Well Star Group Limited (華星集團有限公司*) which holds 40% of the entire issued share capital of Dongguan Dong Cheng. Upon completion of the said acquisition, the Group holds 80% of the entire issued capital of Dongguan Dong Cheng.

Dongguan Dong Cheng is principally engaged in the operation of a natural gas and oil power generating plant in Dongguan, the PRC. This plant uses natural gas and/or oil as fuel to generate electricity. Currently, this power plant has two power generating units with the capacity to generate approximately 360MW per hour. The electricity generated by this power plant is transmitted to the grid of the Dongguan City Electricity Supply Bureau for supplying electricity to industries in the vicinity. In view of the unstable supply of natural gas and the temporary suspension of the operation of the plant for repairs and maintenance, this plant achieved a less than average utilization rate in the later part of the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out key operational statistics of Dongguan Dong Cheng for the year ended 30 April 2008.

	For the year ended 30 April 2008
Installed capacity (MW)	360
Average tariff (RMB/kWh)	0.83
Average utilization hours (hours)	3,456
Gross generation (MWh)	1,244,200
Net generation (MWh)	1,206,670
Volume of steam (tons)	32,835
Steam price (RMB/ton)	293

Other Power Projects

Zhongdian Hongze Thermal Plant (中電洪澤熱電廠)

The Group owns a combined heat-and-power plant using fossil elements or burn coal in Hongze County, Jiangsu Province, the PRC ("Zhongdian Hongze Thermal Plant"), occupying an area of approximately 53,000 square metres, with five coal-fuelled boilers and three steam turbine generating units supplying heat in the form of steam to more than 60 customers.

On 1 July 2008, the National Development and Reform Commission of the PRC announced that the tariffs of certain power plants were to be increased with immediate effect. Being one such, the tariff of Zhongdian Hongze Thermal Plant increased by about 4% from RMB0.45 to RMB0.47 per watt. However, the increase in tariff was unable to offset the negative effect on the operating profit of the Group brought about by significant increases in the prices of coal and oil.

The table below sets out key operating statistics of Zhongdian Hongze Thermal Plant for the year ended 30 April 2008.

	For the year ended 30 April 2008
Installed capacity (MW)	30
Average tariff (RMB/kWh)	0.388
Average utilization hours (hours)	4,732
Gross generation (MWh)	170,360
Net generation (MWh)	151,060
Volume of steam (tons)	540,097
Steam price (RMB/ton)	114.55

FUTURE PLAN

As a result of the prevailing high oil prices internationally, the PRC government is paying increasing attention to new energies. The Board believes that there is enormous potential in the business of new energy development. The Group will therefore continue to explore and assess new business and investment opportunities with potential to bring long-term benefits to the Group. At present, the Group is evaluating and considering other power plant projects in the environmental domain, some of which are presently owned by CP New Energy and/or its related parties, for possible future acquisitions.

Negotiations with respect to the possible acquisitions of the above projects are at a preliminary stage and no terms and conditions have been finalized.

The Group intends to allot and issue new shares and/or convertible debt securities of the Company which may be used to satisfy part or all of the consideration for some of the above potential acquisitions, should such materialize.

The Company will issue announcements with respect to the above possible acquisitions as and when appropriate and in accordance with the requirements of the Listing Rules.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 April 2008, the Group had cash and cash equivalents of approximately HK$1,011,873,000 and had borrowings of HK$1,782,504,000. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 40% as at 30 April 2008 (2007: 297%).

CAPITAL STRUCTURE

As at 30 April 2008, the authorized share capital of the Company was HK$1,000 million divided into 10,000 million shares of HK$0.10 each, of which 7,043,680,000 shares had been issued and fully paid or credited as fully paid.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 April 2008, the Group had about 748 employees in Hong Kong and the PRC (2007: 200). Remuneration is determined by reference to market rates and the performance, qualifications and experience of individual employees. The Group also provides employees with year-end double pay, a contributory provident fund, performance-related bonuses and medical insurance.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON THE GROUP'S ASSETS

Fixed deposits of HK$150 million have been placed with a bank as security for a bank facility.

A property, purchased by the Group during the year in Hong Kong, is subject to mortgage financing.

The Company has given a written guarantee in favour of the landlord of a property which has granted a tenancy for a term of 2 years from 1 July 2007 to 20 June 2009 in favour of an indirect wholly-owned subsidiary of the Company, whereby the Company has guaranteed the due and punctual payment of all the necessary rental and other sums by that subsidiary.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's main business transactions are mainly conducted in Hong Kong dollars and Renminbi and the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

DIRECTOR AND SENIOR MANAGEMENT BIOGRAPHIES

EXECUTIVE DIRECTORS

Ms. Li Xiaolin, aged 47, joined the Group in May 2007. She is an Executive Director and the Chairman of the Board and of the Executive Committee of the Company. She is also a director of certain subsidiaries of the Company. Other than the above-mentioned, Ms. Li does not hold any other positions in the Company or in any member of the Group. Ms. Li is a senior engineer. She graduated from Tsinghua University with a Master of Engineering degree in power systems and automation. She was also a visiting scholar at the Sloan Business School of Massachusetts Institute of Technology in the United States. She has been the chairman of the board of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. Ms. Li also acts as the vice-chairman of the board and chief executive officer of China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380); the vice-chairman, executive director and president of China Power International Holding Limited; and a director of Companhia de Electricidade de Macau. She has served in other senior positions including head of the International Economic and Trade Division of the Ministry of Electric Power Industry and associate head of the International Economic and Trade Division of the Ministry of Energy.

Mr. Lai Leong, aged 44, joined the Group in February 2002. He is an Executive Director, the Vice-Chairman and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Other than the above-mentioned, Mr. Lai does not hold any other positions in the Company or in any member of the Group. He oversees the business and financial affairs of the Group and is primarily responsible for the management, operation and development of waste incineration power projects. Mr. Lai received an MBA degree from Maastricht School of Management in the Netherlands in 2005. Since 1991, Mr. Lai has worked for several property and trading companies in Mainland China and has over 18 years of experience in property investment, development and management and corporate management of companies in Hong Kong and in Mainland China. Mr. Lai is also an executive director of Rising Development Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1004) and a non-executive director of Neo-China Land Group (Holdings) Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 563). In addition, Mr. Lai is a director and a controlling shareholder of Wealth Success Limited, a substantial shareholder of the Company.

Mr. Zhao Xinyan, aged 46, joined the Group in May 2007. He is an Executive Director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Other than the above-mentioned, he does not hold any other positions in the Company or in any member of the Group. Mr. Zhao is a senior engineer. He graduated from Chongqing University with a Bachelor of Engineering degree in materials engineering. He has been a director of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. He acts as an assistant to the president of China Power International Holding Limited, and is also a director of the board of various power plants. He has served as a manager in various departments of China Power International Holding Limited.

Mr. Wang Hao, aged 44, joined the Group in February 2002. He is an Executive Director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Other than the above-mentioned, Mr. Wang does not hold any other positions in the Company or in any member of the Group. Mr. Wang is engaged as an investment consultant of several listed companies in Mainland China and has over 15 years of experience in investment management of companies in Mainland China.

DIRECTOR AND SENIOR MANAGEMENT BIOGRAPHIES

Mr. Clive William Oxley, OBE, ED, aged 72, joined the Group in May 2005. He is an Executive Director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Other than the above-mentioned, Mr. Oxley does not hold any other positions in the Company or in any member of the Group. Mr. Oxley holds a Master's degree from the University of Cambridge and had served as a senior administrative officer with the Hong Kong Government for about 25 years. Since 1995, he has been acting as a management consultant and is currently the chairman of The Hong Kong Society for the Blind and the chairman of the Asian Foundation for the Prevention of Blindness.

Mr. Liu Genyu, aged 44, joined the Group as Chief Operating Officer in May 2007. Mr. Liu was then re-designated from Chief Operating Officer to Chief Executive Officer of the Company in February 2008. Mr. Liu was appointed as Executive Director of the Company in April 2008. He is also a member of the Executive Committee and a director of certain subsidiaries of the Company. Other than the above-mentioned, Mr. Liu does not hold any other positions in the Company or in any member of the Group. Mr. Liu is a senior engineer. He graduated form Tsinghua University with the degree of Executive Master of Business and Administration (EMBA). Mr. Liu also acts as the general manager of 中電國際新能源（上海）控股有限公司 (China Power International New Energy (Shanghai) Holding Company Limited). He has also served as a lecturer at the Harbin Power Vocational Technology College.

Mr. Cheng Chi, aged 48, joined the Group in April 2008. He is an Executive Director of the Company and a member of the Executive Committee of the Company. Other than the above-mentioned, he does not hold any other positions in the Company or in any member of the Group. Mr. Cheng has over 14 years of experience in capital and financial operations management. After graduating from Renmin University of China with a Masters degree. Mr. Cheng became a lecturer in Economics and Management Studies and Deputy Director of Teaching in the Industrial Economics Department. He has served as a lecturer at the Beijing University of Posts and Telecommunications. Mr. Cheng also acts as the general manager of the Capital and Financial Operations Management Department of China National Offshore Oil Corporation and the China National Offshore Oil Corporation Investment Company Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Chow King Wai, aged 53, joined the Group in December 2002. He is an Independent Non-executive Director and a member of both the Audit Committee and Remuneration Committee of the Company. Other than these, Dr. Chow does not hold any other positions in the Company or in any member of the Group. Dr. Chow holds a doctorate conferred by the University of Texas. He has substantial experience in strategic development and management, and has published widely in the field of administrative science.

Mr. Chu Kar Wing, aged 51, joined the Group in December 2002. He is an Independent Non-executive Director and the Chairman of both the Audit Committee and Remuneration Committee of the Company. Other than these, Mr. Chu does not hold any other positions in the Company or in any member of the Group. Mr. Chu holds a bachelor degree in social science majoring in economics. He has extensive experience in the banking and finance sector. He is also an independent non-executive director of Emperor Entertainment Group Limited (stock code: 8078) and ZMAY Holdings Limited (stock code: 8085). Both are listed on the Growth Enterprise Market of the Hong Kong Stock Exchange.

DIRECTOR AND SENIOR MANAGEMENT BIOGRAPHIES

Mr. Wong Kwok Tai, aged 69, joined the Group in September 2004. He is an Independent Non-executive Director and a member of both the Audit Committee and Remuneration Committee of the Company. Other than these, Mr. Wong does not hold any other positions in the Company or in any member of the Group. Mr. Wong is a Certified Public Accountant and Practising Member. He has extensive experience in the audit and finance areas in different industries. He was previously an independent non-executive director of CIL Holdings Limited (stock code: 479) and resigned in May 2008. Currently, he is the sole-proprietor of W. Wong & Co., CPA and an independent non-executive director of New Century Group Hong Kong Limited (stock code: 234) and Xin Corporation Limited (stock code: 1141). Both are listed on the Main Board of the Hong Kong Stock Exchange.

The Company has received from each of its independent non-executive directors an annual confirmation of their respective independence for the year ended 30 April 2008. The Company considers all independent non-executive directors to be sufficiently independent.

SENIOR MANAGEMENT

Mr. Chiang Chi Kin, Stephen, aged 39, joined the Company as the Deputy General Manager in October 2004. Mr. Chiang was appointed the Company Secretary of the Company on 1 September 2005. Mr. Chiang graduated from the University of Wolverhampton with a bachelor's degree in laws, and qualified as a solicitor of the High Court of Hong Kong in 1998. He has over 10 years experience in corporate and commercial law, and has held management positions with companies listed on the Hong Kong Stock Exchange responsible primarily for legal and company secretarial matters since 2002. Mr. Chiang has been the company secretary of Rising Development Holdings Limited, a company listed on the Main Board of the Hong Kong Stock Exchange, since 1 September 2007.

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

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 30 April 2008.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of maintaining good corporate governance practices as a core element to enhance the transparency and accountability of the Company and to safeguard the interests of shareholders. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

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

In the opinion of the Board, the Company has applied the principles and complied with the code provisions set out in the CG Code, except for the code provisions A.2.1, A.4.1, A.4.2 and E.1.2, throughout the year ended 30 April 2008. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations of code provisions are summarized below.

A. BOARD OF DIRECTORS

(1) Responsibilities

The Board is responsible for the leadership, control and management of the Company and oversees the Group's businesses, strategic decisions and performances in the attainment of the objective of enhancing value to investors. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. Every director carries out his/her duty in good faith and in compliance with the standards of applicable laws and regulations, takes decisions objectively and acts in the interests of the Company and its shareholders at all times.

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

(2) Board Composition

The Board currently comprises the following members:

Executive directors:
Ms. Li Xiaolin *(Chairman of the Board and of the Executive Committee)*
Mr. Lai Leong *(Vice Chairman and member of the Executive Committee)*
Mr. Zhao Xinyan *(Member of the Executive Committee)*
Mr. Wang Hao *(Member of the Executive Committee)*
Mr. Clive William Oxley *(Member of the Executive Committee)*
Mr. Liu Genyu *(Chief Executive Officer and member of the Executive Committee)*
Mr. Cheng Chi *(Member of the Executive Committee)*

Independent non-executive directors:
Dr. Chow King Wai *(Member of both the Audit Committee and the Remuneration Committee)*
Mr. Chu Kar Wing *(Chairman of both the Audit Committee and the Remuneration Committee)*
Mr. Wong Kwok Tai *(Member of both the Audit Committee and the Remuneration Committee)*

The list of directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company. The biographical details of the directors of the Company are set out under the section headed "Directors and Senior Management Biographies" in this annual report. None of the members of the Board is related to another.

Coming from diverse business and professional backgrounds, the Board members possess a balance of skills and expertise appropriate for the business requirements of the Group and for the exercise of independent judgement.

During the year ended 30 April 2008, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of whom possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from all of its existing independent non-executive directors in respect of their independence pursuant to the requirements of the Listing Rules. The Company considers all of them independent in accordance with the independence guidelines set out in the Listing Rules. Through active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

(3) Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and the division of their responsibilities should be clearly established and set out in writing. The Company has slightly deviated from this code provision in the year under review since from 1 to 3 May 2007, Mr. Lai Leong has taken up both the roles by being the Chairman and the Chief Executive Officer of the Company. Starting from 4 May 2007, the Company has complied with such provision by appointing Ms. Li Xiaolin as the Chairman of the Board with Mr. Lai Leong remaining as the Chief Executive Officer of the Company. On 1 February 2008, Mr. Liu Genyu was appointed as the Chief Executive Officer of the Company in place of Mr. Lai Leong.

Currently, the respective responsibilities are being reviewed and discussed by the Board and will be established and set out in writing in due course.

(4) Appointment, Re-election and Removal of Directors

The code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, all the independent non-executive directors of the Company are not appointed for a specific term. However, the Company's Bye-laws provide that these directors are subject to retirement by rotation and re-election by shareholders at its annual general meeting, the Board considers that the Company meets the objective of the code provision A.4.1.

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

Pursuant to the foregoing provision of the Bye-laws, Mr. Wang Hao, Dr. Chow King Wai and Mr. Chu Kar Wing shall retire by rotation at the forthcoming 2008 annual general meeting. In addition, according to the Company's Bye-laws, any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Pursuant to the aforesaid, Mr. Liu Genyu and Mr. Cheng Chi, having been appointed as executive directors of the Company during the year, shall retire and, being eligible, offer themselves for re-election at the forthcoming 2008 annual general meeting of the Company. The Board recommended the re-appointment of these retiring directors standing for re-election at the said annual general meeting. The Company's circular, sent together with this annual report, contains detailed information of such directors.

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

During the year ended 30 April 2008, the Board, through its meetings held on 2 May 2007 (with the presence of all the then directors of the Company) and 4 May 2007 (with the presence of Ms. Li Xiaolin, Mr. Lai Leong, Mr. Zhao Xinyan, Mr. Wang Hao, Mr. Clive William Oxley and Mr. Chu Kar Wing), on 29 August 2007 (with the presence of all the then directors of the Company except Mr. Wang Hao), on 28 January 2008 (with the presence of all the then directors of the Company) and on 30 April 2008 (with the presence of all the then executive directors of the Company), performed the following work regarding matters relating to the nomination of directors:

(a) appointment of Ms. Li Xiaolin and Mr. Zhao Xinyan as executive directors of the Company;

(b) appointment of Ms. Li Xiaolin as the Chairman of the Board and re-designation of Mr. Lai Leong as the Vice-Chairman and the Chief Executive Officer of the Company; and recommendation of the re-election of Ms. Li Xiaolin and Mr. Zhao Xinyan standing for re-election at the first general meeting after their appointment (i.e. special general meeting of the Company held on 1 June 2007);

(c) review of the structure, size and composition of the Board to ensure that it has a balance of skills, experience and independent elements appropriate to the requirements for the business of the Company; recommendation of the re-election of the retiring directors standing for re-election at the 2007 annual general meeting; and assessment of the independence of the independent non-executive directors of the Company;

(d) the change of the Chief Executive Officer of the Company from Mr. Lai Leong to Mr. Liu Genyu; and

(e) appointment of Mr. Liu Genyu and Mr. Cheng Chi as executive directors of the Company.

CORPORATE GOVERNANCE REPORT

(5) Induction and Continuing Development for Directors

Every newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has an appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors of the Company are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. In addition, the Company has sent the latest version of the "Non-statutory Guidelines on Directors' Duties" published by the Hong Kong Companies Registry to its directors and encourages them to read such Guidelines in order to acquaint themselves with the general duties of directors and the required standard of care, skill and diligence in the performance of his/her functions and exercise of his/her powers as directors. In addition, continuing briefings and professional development for directors will be arranged whenever necessary.

(6) Board Meetings

Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate their attendance. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

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

The Chief Executive Officer, Qualified Accountant and Company Secretary normally attend regular Board meetings and when necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group. Relevant member(s) of the senior management will also be invited to attend the meetings whenever necessary.

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

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

Directors' Attendance Records

The Board has met regularly with a total of 18 Board meetings were held during the year. The attendance records of each director at these Board meetings are set out below:

Name of Director	Attendance/Number of Board Meetings
Executive directors:	
Ms. Li Xiaolin *(Note 1)*	13/15
Mr. Lai Leong	18/18
Mr. Zhao Xinyan *(Note 1)*	15/15
Mr. Wang Hao	16/18
Mr. Clive William Oxley	18/18
Mr. Liu Genyu *(Note 2)*	N/A
Mr. Cheng Chi *(Note 2)*	N/A
Independent non-executive directors:	
Dr. Chow King Wai	15/18
Mr. Chu Kar Wing	14/18
Mr. Wong Kwok Tai	14/18

Notes:

1. Ms. Li Xiaolin and Mr. Zhao Xinyan were appointed as directors of the Company with effect from 2 May 2007. Subsequent to their appointment, 15 Board meetings were held during the year ended 30 April 2008.

2. Mr. Liu Genyu and Mr. Cheng Chi were appointed as directors of the Company with effect from 30 April 2008. Subsequent to their appointment, no Board meeting was held for the year ended 30 April 2008.

(7) Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") contained in Appendix 10 to the Listing Rules as its code of conduct regarding directors' dealings in the Company's securities. Specific enquiry has been made of all the Company's directors who have confirmed that they have complied with the required standards set out in the Model Code in respect of the year ended 30 April 2008.

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

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

B. DELEGATION BY THE BOARD

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

The day-to-day management, administration and operations of the Group are delegated to the Chief Executive Officer and senior management. The delegated functions and work tasks are periodically reviewed. The Board will give directions to the senior management as to their powers of management, and circumstances where they should report back. Approval has to be obtained from the Board prior to any decision making on significant transactions or entering into any significant commitments on behalf of the Company.

The Board has established 3 committees, namely the Executive Committee, the Remuneration Committee and the Audit Committee, to oversee particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's website and are available to shareholders upon request. All the Board committees report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements for conducting meetings of Board committees follow in line with, as far as practicable, those of the Board meetings as set out in section A(6) above. All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Ms. Li Xiaolin, acting as the Chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency of business decision-making. It monitors the execution of the Group's strategic plans and the operations of all business units of the Group and discusses and makes decisions on matters relating the day-to-day management and operations of the Group. The duties and work done by the other two Board committees for the year ended 30 April 2008 are detailed below.

C. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of the directors and senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 30 April 2008 are set out in note 9 to the financial statements contained in this annual report.

Remuneration Committee

The Remuneration Committee of the Company currently comprises the three independent non-executive directors of the Company, namely Mr. Chu Kar Wing (Chairman), Dr. Chow King Wai and Mr. Wong Kwok Tai.

The principal duties of the Remuneration Committee are mainly to (i) make recommendations to the Board on the policy and structure of the remuneration of directors and members of senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy and structure; (ii) make recommendations on the terms of the specific remuneration packages of the executive directors and the senior management; and (iii) review and approve the performance-based remuneration tied to corporate goals and objectives as well as market practice and conditions.

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

During the year ended 30 April 2008, the Remuneration Committee has met once with all the committee members present at the meeting. The members in that meeting have reviewed the current remuneration packages of the directors and senior management of the Group.

D. ACCOUNTABILITY AND AUDIT

(1) Directors' Responsibilities for Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 April 2008.

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

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

(2) Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company and, with the support of the Audit Committee, reviewing the effectiveness of such system on an annual basis.

The Board has conducted an annual review of the effectiveness of the internal control system of the Group for the year ended 30 April 2008. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

(3) Audit Committee

The Audit Committee currently comprises three independent non-executive directors of the Company, namely Mr. Chu Kar Wing (Chairman), Dr. Chow King Wai and Mr. Wong Kwok Tai. Mr. Wong Kwok Tai has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Committee include: reviewing of the financial information and reports of the Group, considering any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing of the relationship with and the terms of appointment of the external auditors, and reviewing of the Group's financial reporting system, internal control system, risk management system and associated procedures.

During the year ended 30 April 2008, the Audit Committee held 3 meetings and performed the following major works:

– Review and discussion of the annual financial statements, results announcement and report for the year ended 30 April 2007, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 31 October 2007, and the related accounting principles and practices adopted by the Group; and

– Review of the scope of audit work, auditors' fees and terms of engagement and recommendation of re-appointment of auditors for the year ended 30 April 2008.

The attendance records of the foregoing three Audit Committee meetings are set out as follows:

Name of Audit Committee Member	Attendance/Number of Audit Committee Meetings
Mr. Chu Kar Wing *(Chairman)*	3/3
Dr. Chow King Wai	3/3
Mr. Wong Kwok Tai	3/3

(4) External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities in respect of the financial statements is set out under "Independent Auditor's Report" in this annual report.

A summary of audit and non-audit services provided by the external auditors for the year ended 30 April 2008 and their corresponding remuneration is as follows:

Nature of services	Amount *HK$'000*
Audit services	1,941
Non-audit services	50

E. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decisions and to have a better understanding of the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.735.com.hk" as a communication platform with shareholders and investors, where information and updates on the Company's announcements and other information and updates are available for public access. Shareholders and investors may write directly to the Company at its principal place of business for any enquiries.

The general meetings of the Company also provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as chairmen of the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, are available at the annual general meeting and other relevant shareholders' meetings to answer questions at the shareholders' meetings.

Code provision E.1.2 of the CG Code stipulates that the Chairman of a listed issuer should attend the issuer's annual general meeting. Ms. Li Xiaolin, the Chairman of the Board, was unable to attend the Company's 2007 annual general meeting as she had another important business engagement. Despite her absence, she had arranged for Mr. Zhao Xinyan, an executive director of the Company, to take the chair of the meeting and answer shareholders' questions. Ms. Li had also arranged for the Chairman of the Audit Committee and the Remuneration Committee to be available to answer questions at the said annual general meeting.

F. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

In addition, the rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Bye-laws of the Company. Details of such rights are also included in all circulars sent to shareholders and, where necessary, explained in the shareholders' meetings.

To enhance good governance practices of the Company, all the resolutions proposed at the Company's general meetings were voted by way of a poll pursuant to the exercise of rights by the chairman of the meetings under the provisions of the Company's Bye-laws. Poll results were announced and posted on the websites of the Company and of the Stock Exchange after such meetings.

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited financial statements of the Company and of the Group for the year ended 30 April 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its subsidiaries and associates are set out in notes 19 and 20 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activities and geographical area of operations for the year ended 30 April 2008 is set out in note 13 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 April 2008 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 37 to 150.

The directors do not recommend the payment of any dividend in respect of the year ended 30 April 2008.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years as at 30 April 2004, 2005, 2006, 2007 and 2008, prepared on the basis set out therein, is set out on pages 151 to 152 of this annual report. This summary does not form part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Company and of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year, together with the reasons therefor, and details of the share option scheme of the Company are set out in notes 31 and 32 to the financial statements respectively and disclosed under the heading "Share Option Schemes" below.

EQUITY

The Company's issued and fully paid share capital as at 30 April 2008 amounted to HK$704,368,000 divided into 7,043,680,000 ordinary shares of HK$0.10 each.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 30 April 2008, the Company had no reserves available for distribution.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company repurchased its own listed shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

Month of repurchase	Number of Shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$
March 2008	8,627,800	0.65	0.62	5,445,590
April 2008	2,180,000	0.59	0.57	1,262,400
	10,807,800			6,707,990

The repurchased shares were cancelled and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for approximately 89.9% of the total sales for the year and sales to the largest customer included therein amounted to approximately 44.4% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 98.3% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 47.4% of the total purchases.

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

DIRECTORS

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

Executive Directors:

Ms. Li Xiaolin *(Chairman)*	(appointed on 2 May 2007)
Mr. Lai Leong *(Vice Chairman)*	
Mr. Zhao Xinyan	(appointed on 2 May 2007)
Mr. Wang Hao	
Mr. Clive William Oxley OBE, ED	
Mr. Liu Genyu *(Chief Executive Officer)*	(appointed on 30 April 2008)
Mr. Cheng Chi	(appointed on 30 April 2008)

Independent Non-Executive Directors:

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

Pursuant to clause 87 of the bye-laws of the Company, Mr. Wang Hao, Dr. Chow King Wai and Mr. Chu Kar Wing shall retire from office by rotation at the Company's forthcoming annual general meeting. In addition, pursuant to clause 86(2)(b) of the bye-laws of the Company, Mr. Liu Genyu and Mr. Cheng Chi, who were appointed by the Board during the year, will also retire at the said general meeting. All the foregoing retiring directors, being eligible, will offer themselves for re-election at the meeting.

DIRECTORS' SERVICE CONTRACTS

As at 30 April 2008, none of the Directors had any existing or proposed service contracts with any member of the Group.

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

EMOLUMENT POLICY FOR DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

REPORT OF THE DIRECTORS

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group transacted during the period from 1 May 2008 up to the date of this report are set out in note 39 to the financial statements.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 April 2008, the interests of the directors of the Company in the shares and underlying shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long Position in Ordinary Shares of the Company

Name	Nature of interest	Number of shares interested or deemed to be interested	Percentage of the Company's issued share capital as at 30 April 2008
Mr. Lai Leong	Corporate *(Note)*	1,003,026,000	14.24%

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

(ii) Long Position in Underlying Shares of the Company – physically settled unlisted equity derivatives

Pursuant to the Company's share option scheme, the Company has granted options to the following directors of the Company to subscribe for shares of the Company, details of the outstanding options as at 30 April 2008 were as follows:

Name	Nature of interest	Number of underlying shares in respect of the share options granted	Percentage of underlying shares over the Company's issued share capital as at 30 April 2008
Ms. Li Xiaolin	Beneficial owner	23,000,000	0.32%
Mr. Zhao Xinyan	Beneficial owner	18,000,000	0.25%
Mr. Wang Hao	Beneficial owner	30,000,000	0.42%
Mr. Liu Genyu	Beneficial owner	18,000,000	0.25%

Notes: The above options represent the personal interests held by Ms. Li Xiaolin, Mr. Zhao Xinyan, Mr. Wang Hao and Mr. Liu Genyu respectively as beneficial owners.

Save as disclosed above and in the section headed "Share option scheme" below, as at 30 April 2008, none of the directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; nor had there been any grant or exercise of rights of such interests, during the year ended 30 April 2008.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 31 to the financial statements and save as disclosed under the heading "Directors' interests in shares and underlying shares" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Further details of the Scheme are disclosed in note 31 to the financial statements.

REPORT OF THE DIRECTORS

The following table discloses movements in the Company's share options during the year:

Name or category of participant	Number of share options Outstanding at 1 May 2007	Granted during the year*	Exercised during the year**	Lapsed during the year	Cancelled during the year	Outstanding at 30 April 2008	Date of grant of share options	Exercise period of share options***	Exercise price of share options**** HK$ per share
Directors									
Ms. Li Xiaolin	–	23,000,000	–	–	–	23,000,000	26 June 2007	26 June 2007 to 7 June 2017	0.836
Mr. Zhao Xinyan	–	18,000,000	–	–	–	18,000,000	15 June 2007	15 June 2007 to 7 June 2017	0.836
Mr. Wang Hao	30,000,000	–	–	–	–	30,000,000	26 March 2007	26 March 2007 to 8 March 2017	0.63
Mr. Liu Genyu	–	18,000,000	–	–	–	18,000,000	15 June 2007	15 June 2007 to 7 June 2017	0.836
	30,000,000	59,000,000	–	–	–	89,000,000			
Other employees working under continuous employment contracts									
In aggregate	41,000,000	–	1,000,000	–	–	40,000,000	22 March 2007	22 March 2007 to 8 March 2017	0.63
	60,000,000	–	–	–	–	60,000,000	23 March 2007	23 March 2007 to 8 March 2017	0.63
	20,000,000	–	–	–	–	20,000,000	28 March 2007	28 March 2007 to 8 March 2017	0.63
	–	4,000,000	–	–	–	4,000,000	20 June 2007	20 June 2007 to 7 June 2017	0.836
	–	21,000,000	–	–	–	21,000,000	28 June 2007	28 June 2007 to 7 June 2017	0.836
	121,000,000	25,000,000	1,000,000	–	–	145,000,000			
	151,000,000	84,000,000	1,000,000	–	–	234,000,000			

Notes to the table of movements in the Company's share options during the year:

* The closing price of the shares of the Company immediately before the date of offer was HK$0.82; and the closing prices of the shares of the Company immediately before the dates of grant were HK$0.85, HK$0.87, HK$0.82 and HK$0.84, respectively.

** The weighted average closing price of shares immediately before the dates on which the options were exercised was HK$0.7036.

*** The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

**** The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

SUBSTANTIAL SHAREHOLDERS

As at 30 April 2008, the following parties had interests of 5% or more of the issued share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or as the Company is aware:

Name	Nature of interest	*Note*	Number of shares interested or deemed to be interested	Percentage holding
China Power New Energy Limited	Beneficial owner	*1*	2,003,464,400	28.44%
State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會)	Corporate interests	*1*	2,003,464,400	28.44%
China Power Investment Group Limited	Corporate interests	*1*	2,003,464,400	28.44%
China Power International Holding Limited	Corporate interests	*1*	2,003,464,400	28.44%
Tianying Holding Limited	Corporate interests	*1*	2,003,464,400	28.44%
Wealth Success Limited	Beneficial owner	*2*	1,003,026,000	14.24%
Mr. Zhu Yi Cai	Corporate interests	*2*	1,003,026,000	14.24%
China National Offshore Oil Corporation	Corporate interests	*3*	900,000,000	12.77%
Ecofin Limited	Investment manager		704,240,000	9.99%
Ecofin General Partner Limited	Investment manager		505,681,000	7.17%
EFM Limited	Investment manager		505,681,000	7.17%
Winnington Capital Limited	Investment manager		384,600,000	5.46%
Trophy Asset Management Limited	Investment manager		384,600,000	5.46%
Chu Jocelyn	Interests of children under 18 and/or spouse and corporate interests	*4*	384,600,000	5.46%
Hung Kam Biu	Corporate interests	*5*	384,600,000	5.46%
Citigroup Inc.	Corporate interests		352,433,000	
	Person having a security interest in shares		47,000	
			352,480,000	5%

Notes:

1. These shares were held by China Power New Energy Limited which was a wholly-owned subsidiary of Tianying Holding Limited which in turn was a wholly-owned subsidiary of China Power International Holding Limited. China Power International Holding Limited was a wholly-owned subsidiary of China Power Investment Group Limited which in turn was the wholly-owned subsidiary of State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會). Accordingly, Tianying Holding Limited, China Power International Holding Limited, China Power Investment Group Limited and State-owned Assets Supervision and Administration Commission of The State Council, the PRC (中國國務院國有資產監督管理委員會) were deemed to be interested in these shares pursuant to Part XV of the SFO.

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

3. These shares were held by Shining East Investments Limited which was a wholly-owned subsidiary of Overseas Oil & Gas Corporation, Ltd. which in turn was a wholly-owned subsidiary of China National Offshore Oil Corporation. Accordingly, China National Offshore Oil Corporation was deemed to be interested in these shares pursuant to Part XV of the SFO.

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

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

REPORT OF THE DIRECTORS

Save as disclosed above, as at 30 April 2008, no person, other than the directors of the Company whose interests were set out in the section headed "Directors' interests in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 16 to 26 in this annual report.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the directors of the Company, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules throughout the year ended 30 April 2008.

AUDITORS

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

ANNUAL REPORT

This Annual Report is printed in English and Chinese and is available on the Stock Exchange's website at http://www.hkexnews.hk under "Listed Company Information" and our Company's website at http://www.735.com.hk. Printed copies in both languages are posted to shareholders.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 September 2008 to Friday, 26 September 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates should be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 September 2008.

ANNUAL GENERAL MEETING

The 2008 annual general meeting of the Company (the "AGM") will be held on Friday, 26 September 2008. Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Company's shareholders together with the Annual Report. Notice of the AGM and the proxy form will also be available on the Stock Exchange's website and the Company's website.

On behalf of the Board
Li Xiaolin
Chairman

Hong Kong
29 August 2008

INDEPENDENT AUDITOR'S REPORT

CCIF

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

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

We have audited the consolidated financial statements of China Power New Energy Development Company Limited (the "Company") set out on pages 37 to 150, which comprise the consolidated and Company balance sheets as at 30 April 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 financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 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.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 29 August 2008

Chan Wai Dune, Charles
Practising Certificate Number P00712

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 HK$'000	2007 HK$'000
Turnover	*4*	**951,960**	121,492
Cost of sales		**(728,049)**	(72,909)
Gross profit		**223,911**	48,583
Valuation gains on investment properties		**2,134**	–
Valuation losses on investment properties		**–**	(11,282)
Net valuation gains/(losses) on investment properties		**2,134**	(11,282)
Other revenue	*5*	**52,076**	1,639
Other net income	*5*	**36,708**	11,002
Other operating income	*5*	**–**	314
Selling and distribution expenses		**(47)**	(1,547)
Administrative expenses		**(109,178)**	(62,880)
Other operating expenses		**(43,854)**	(19,997)
Profit/(loss) from operations		**161,750**	(34,168)
Finance costs	*6(a)*	**(88,661)**	(28,957)
		73,089	(63,125)
Share of results of associates	*7*	**1,977**	1,617
Share of results of jointly controlled entity		**(1,487)**	–
Profit/(loss) before taxation	*6*	**73,579**	(61,508)
Income tax	*8*	**(30,884)**	(10,314)
Profit/(loss) for the year		**42,695**	(71,822)
Attributable to:			
Equity shareholders of the Company	*11*	**6,931**	(38,160)
Minority interests		**35,764**	(33,662)
Profit/(loss) for the year		**42,695**	(71,822)
Dividends payable to equity shareholders of the Company attributable to the year		**–**	–
Earnings/(loss) per share	*12*		
Basic		**0.13 cents**	(1.40 cents)
Diluted		**0.13 cents**	N/A

The notes on pages 44 to 150 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Fixed assets	*14(a)*		
– Investment properties		**18,400**	545,849
– Other property, plant and equipment		**3,087,337**	89,892
– Interest in leasehold land held for own use under operating leases		**95,194**	11,121
Construction in progress	*15*	**142,274**	31,866
Property under development	*16*	**247,701**	–
Intangible assets	*17*	**27,854**	–
Goodwill	*18*	**1,042,041**	85,231
Interests in associates	*20*	**154,913**	5,968
Deposit on acquisition of property		**20,433**	20,433
Deferred tax assets	*30(b)*	**102,711**	–
		4,938,858	790,360
CURRENT ASSETS			
Trading securities	*21*	**131,061**	–
Inventories	*22*	**199,920**	1,350,063
Trade and other receivables	*23*	**674,503**	101,885
Amounts due from minority shareholders of subsidiaries	*24*	**47,133**	–
Pledged deposits	*25*	**52,629**	–
Cash and cash equivalents	*26*	**1,011,873**	146,553
		2,117,119	1,598,501
CURRENT LIABILITIES			
Bank and other borrowings	*27*	**718,571**	684,787
Amounts due to minority shareholders of subsidiaries	*28*	**35,679**	46,827
Trade and other payables	*29*	**578,349**	508,784
Deferred income		**78**	71
Current taxation	*30(a)*	**1,115**	11,604
		1,333,792	1,252,073
NET CURRENT ASSETS		**783,327**	346,428
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,722,185**	1,136,788
NON-CURRENT LIABILITIES			
Bank and other borrowings	*27*	**1,063,933**	271,886
Deferred income		**3,688**	3,421
Deferred tax liabilities	*30(b)*	**767**	190,741
		1,068,388	466,048
NET ASSETS		**4,653,797**	670,740

CONSOLIDATED BALANCE SHEET

AS AT 30 APRIL 2008

	Note	**2008 HK$'000**	2007 HK$'000
CAPITAL AND RESERVES	*32(a)*		
Share capital		**704,368**	322,102
Reserves		**3,728,018**	(476)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**4,432,386**	321,626
Minority interests		**221,411**	349,114
TOTAL EQUITY		**4,653,797**	670,740

Approved and authorised for issue by the board of directors on 29 August 2008

On behalf of the board

Li Xiaolin
Director

Lai Leong
Director

The notes on pages 44 to 150 form part of these financial statements.

BALANCE SHEET

AS AT 30 APRIL 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14(b)*	**579**	–
Interests in subsidiaries	*19*	**2,987,750**	275,051
		2,988,329	275,051
CURRENT ASSETS			
Trading securities	*21*	**33,535**	–
Prepayments and deposits	*23*	**6,463**	1,214
Cash and cash equivalents	*26*	**753,620**	49,532
		793,618	50,746
CURRENT LIABILITIES			
Other payables	*29*	**(17,511)**	(19,614)
NET CURRENT ASSETS		**776,107**	31,132
NET ASSETS		**3,764,436**	306,183
CAPITAL AND RESERVES	*32(b)*		
Share capital		**704,368**	322,102
Reserves		**3,060,068**	(15,919)
TOTAL EQUITY		**3,764,436**	306,183

Approved and authorised for issue by the board of directors on 29 August 2008

On behalf of the board

Li Xiaolin
Director

Lai Leong
Director

The notes on pages 44 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2008

		Attributable to equity shareholders of the Company											
	Note	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Statutory reserves HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserves HK$'000	Convertible notes equity reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 May 2006		249,602	–	–	–	–	–	–	–	(103,360)	146,242	(17,774)	128,468
Acquisition of subsidiaries	34(c)	–	–	–	–	–	–	–	–	–	–	382,404	382,404
Disposal of subsidiaries	35(b)	–	–	–	–	–	–	–	–	–	–	726	726
Equity settled share-based transactions		–	–	–	–	–	18,886	–	–	–	18,886	–	18,886
Issue of consideration shares	32(c)	32,500	45,500	–	–	–	–	–	–	–	78,000	–	78,000
Shares issued under placement	32(c)	40,000	70,000	–	–	–	–	–	–	–	110,000	–	110,000
Exchange difference on translation of financial statements of subsidiaries		–	–	–	–	–	–	–	6,658	–	6,658	17,420	24,078
Loss for the year		–	–	–	–	–	–	–	–	(38,160)	(38,160)	(33,662)	(71,822)
At 30 April 2007		322,102	115,500	–	–	–	18,886	–	6,658	(141,520)	321,626	349,114	670,740
At 1 May 2007		322,102	115,500	–	–	–	18,886	–	6,658	(141,520)	321,626	349,114	670,740
Acquisition of subsidiaries	34(c)	–	–	–	–	110,848	–	–	6,814	–	117,662	238,106	355,768
Disposal of subsidiaries	35(b)	–	–	–	–	–	–	–	(19,718)	–	(19,718)	(353,376)	(373,094)
Equity component of convertible notes		–	–	–	–	–	–	620,516	–	–	620,516	–	620,516
Issue of consideration shares	32(c)	60,900	592,550	–	–	–	–	–	–	–	653,450	–	653,450
Shares issued upon conversion of convertible notes	32(c)	128,347	1,501,654	–	–	–	–	(620,516)	–	–	1,009,485	–	1,009,485
Shares issued under placement, net of issuance cost	32(c)	194,000	1,424,883	–	–	–	–	–	–	–	1,618,883	–	1,618,883
Shares issued under share option scheme		–	–	–	–	–	9,752	–	–	–	9,752	–	9,752
Equity settled share-based transactions		100	655	–	–	–	(125)	–	–	–	630	–	630
Repurchase of shares	32(c)	(1,081)	(5,641)	1,081	–	–	–	–	–	(1,081)	(6,722)	–	(6,722)
Appropriations		–	–	–	2,998	–	–	–	(26)	(2,972)	–	–	–
Realisation		–	–	–	(123)	–	–	–	–	–	(123)	–	(123)
Acquisition of additional equity interest in a subsidiary		–	–	–	–	–	–	–	–	–	–	(89,073)	(89,073)
Exchange difference on translation of financial statements of subsidiaries		–	–	–	–	–	–	–	100,014	–	100,014	40,876	140,890
Profit for the year		–	–	–	–	–	–	–	–	6,931	6,931	35,764	42,695
At 30 April 2008		704,368	3,629,601	1,081	2,875	110,848	28,513	–	93,742	(138,642)	4,432,386	221,411	4,653,797

The notes on pages 44 to 150 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**73,579**	(61,508)
Adjustments for:			
Interest income		**(21,874)**	(1,127)
Interest expenses		**88,661**	28,957
Depreciation, net of amount capitalised		**79,498**	6,371
Impairment loss on fixed assets		**17,302**	525
Impairment loss on intangible assets		**25,854**	–
Loss on disposal of fixed assets		**341**	149
Impairment loss on trade and other receivables		**–**	19,261
Amortisation of deferred income		**(75)**	(29)
Amortisation of interest in leasehold land held for own use under operating leases		**1,447**	102
Amortisation of other intangible assets		**274**	–
Net valuation (gains)/losses on investment properties		**(2,134)**	11,282
Net gain on disposal of subsidiaries		**(24,368)**	(8,505)
Share of results of associates		**(1,977)**	(1,617)
Share of results of jointly controlled entity		**1,487**	–
Equity settled share-based payment expenses		**9,752**	18,886
Reversal of impairment loss on inventories		**–**	(314)
Realisation of statutory reserves		**(123)**	–
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		**247,644**	12,433
Increase in trading securities		**(131,061)**	–
Increase in inventories		**(380,642)**	(334,945)
(Increase)/decrease in trade and other receivables		**(4,288)**	186,255
Increase in amounts due from minority shareholders of subsidiaries		**(47,133)**	–
Increase in pledged deposits		**(52,629)**	–
Decrease in amount due from associates		**2,624**	1,459
Increase in trade and other payables		**648,667**	185,654
(Decrease)/increase in amounts due to minority shareholders of subsidiaries		**(11,148)**	26,626
CASH GENERATED FROM OPERATIONS		**272,034**	77,482
Income tax paid			
– Hong Kong		**(815)**	–
– PRC		**(19,293)**	(37,262)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2008

	Note	2008 HK$'000	2007 HK$'000
NET CASH GENERATED FROM OPERATING ACTIVITIES		**251,926**	40,220
INVESTING ACTIVITIES			
Capital injection to an associate		**(7,188)**	–
Expenditure on properties under development		**(3,899)**	–
Acquisition of subsidiaries		**(435,831)**	43,939
Disposal of subsidiaries		**(19,565)**	(515)
Purchase of fixed assets			
– Investment properties		**(19,297)**	–
– Other property, plant and equipment		**(27,528)**	(1,088)
– Interest in leasehold land held for own use under operating leases		**(9,900)**	–
Interest received		**21,874**	1,127
Proceeds from disposal of property, plant and equipment		**414**	157
Expenditure on construction in progress		**(93,798)**	(24,249)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(594,718)**	19,371
FINANCING ACTIVITIES			
Repurchase of shares		**(6,722)**	–
Exercise of share option		**630**	–
Interest paid		**(88,661)**	(28,957)
Repayment of bank loans		**(436,774)**	(256,262)
Repayment of other loans		**(123,762)**	(24,782)
Issue of new shares		**1,618,883**	110,000
New bank loans		**164,653**	236,405
New other loan		**53,288**	59,478
New loan from a related party		**42,630**	–
Repayment of loan from a related party		**(119,897)**	(109,043)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**1,104,268**	(13,161)
INCREASE IN CASH AND CASH EQUIVALENTS		**761,476**	46,430
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**146,553**	40,436
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**103,844**	59,687
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**1,011,873**	146,553

The notes on pages 44 to 150 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

1. BACKGROUND INFORMATION

China Power New Energy Development Company Limited (the "Company") is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the generation and sale of electricity, investment holdings, development of power plants in the People's Republic of China (the "PRC"), property investment and operations of bakery retail shops.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 30 April 2008 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for the revaluation of certain assets and liabilities as explained in the accounting policies set out below. The functional currencies of the Company and its subsidiaries in The People's Republic of China (the "PRC") are Hong Kong dollars and Renminbi respectively. For the purposes of presenting the consolidated financial statements, the Group adopted Hong Kong dollars as its presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 42.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries (Continued)

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(n), (o) or (p) depending on the nature of the liability.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 2(k)), unless the investment is classified as held for sale.

(d) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets, unless it is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates and the jointly controlled entities for the year, including any impairment loss on goodwill relating to the investments in associates and the jointly controlled entities recognised for the year (see notes 2(e) and (k)).

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal and constructive obligations or made payments on behalf of the associate or the jointly controlled entity. For this purpose, the Group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates and jointly controlled entities (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates and the jointly controlled entities are eliminated to the extent of the Group's interest in the associate or the jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(k)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entities.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date, the fair value is remeasured with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any interest earned or dividends on these investments as these are recognised in accordance with the policies set out in note 2(w)(v) and (ix) respectively.

Investments in equity securities that do not have a listed market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(k)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in equity securities (Continued)

Other investments in securities are classified as available-for-sale equity securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity. Dividend income from these investments is recognised in profit or loss in accordance with the policy set out in note 2(w)(ix) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss in accordance with the policy set out in note 2(w)(v). When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or when they expire.

(g) Investment property

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business.

Land held under an operating lease is classified and accounted for as an investment property when the rest of the definition of an investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment property (Continued)

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred. Changes in fair values are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Investment property held for sale without redevelopment is classified within non-current assets held for sale, under HKFRS 5.

(h) Other property, plant and equipment

Other property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses (see note 2(k)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Other property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	2% to 7% or over the lease terms, whichever is shorter
Leasehold improvements	18% to 25% or over the lease terms, whichever is shorter
Dam	2%
Power generators and equipment	4% to 18%
Furniture, fixtures and equipment	9% to 34%
Motor vehicles	6% to 30%
Utensils and supplies	33 $^{1}/_{3}$%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

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

(i) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Patents and franchise 25 years

Both the period and method of amortisation are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill) (Continued)

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(k) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities (other than investments in subsidiaries, associates and jointly controlled entities: see note 2(k)(ii) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale equity securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For unlisted equity securities carried at cost, impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

– For trade receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective Group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale equity securities, when a decline in the fair value has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date 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 (other than properties carried at revalued amounts);

– intangible assets;

– investments in subsidiaries, associates and jointly controlled entities (except for those classified as being held for sale); and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories

(i) Trading of electronic products

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Sales of electricity

Inventories comprise coals, oil consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to fuel costs or repair and maintenance expense when used, or capitalised to property, plant and equipment when installed as appropriate. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

(iii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– Property under development for sale

The cost of properties under development for sale comprises specifically identified costs, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalized (see note 2(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories (Continued)

(iii) Property development (Continued)

– Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment losses for bad and doubtful debts (see note 2(k)).

(n) Convertible notes

Convertible notes that can be converted to equity share capital 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 principle 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 amount initially recognised as the liability component is recognised as the equity component. 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 carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible notes equity reserve until either the note is converted or redeemed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Convertible notes (Continued)

If the note is converted, the convertible notes equity reserve, together with the carrying amount of the liability component at the time of conversion, are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible notes equity reserve is released directly to retained profits.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(r) Coupon liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in employee share-based compensation reserve within equity. The fair value is measured at grant date using the Black-Scholes-Metron Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the employee share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(u)(iii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 2(u)(iii).

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities (Continued)

(iii) Other provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Deferred income

Deferred income represents subsidies received from government in connection with the purchases of property, plant and equipment and special grants for environmental improvement projects. Subsidies and grants received are initially recognised at their fair values where there is a reasonable assurance that the subsidies and grants will be received and the Group will comply with all attached conditions. Deferred income is included in non-current liabilities and are credited to the profit and loss account on a straight-line basis over the expected lives of the related assets and projects.

(w) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of electricity

Revenue from sales of electricity are recognized when electricity is generated and transmitted.

(ii) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under deposits received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue recognition (Continued)

(iv) Rental Income from operating lease

Rental income receivable under operating lease is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Service income

Service income is recognised when services are rendered.

(vii) Government grant

Government grants are recognised in the balance sheet initially when there is a reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

(viii) Sales of investments

Income on sale of investments is recognised when the title to the related investments is passed to the purchaser.

(ix) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(y) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if:

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

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

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

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

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

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

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

(aa) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Segment reporting (Continued)

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs 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 statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, *Financial instruments*: *Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*. These disclosures are provided throughout these financial statements, in particular in note 33.

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. These new disclosures are set out in note 32(f).

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 43).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

4. TURNOVER

Turnover represents the sales value of goods supplied and services provided to customers, less returns and discounts. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2008	2007
	HK$'000	HK$'000
Sales of electricity	**921,168**	47,972
Rental income from investment properties	**23,298**	24,298
Revenue from sale of properties	**–**	30,717
Consultancy fee income for hotel management	**4,000**	9,000
Sales of bakery and other food products	**4,813**	9,185
Building management service fee income	**–**	175
Sales of electronic products	**–**	243
	953,279	121,590
Less: Business tax	**(1,319)**	(98)
	951,960	121,492

5. OTHER REVENUE, NET INCOME AND OPERATING INCOME

	2008 HK$'000	2007 HK$'000
Other revenue		
Bank interest income	**17,928**	1,127
Other interest income	**3,946**	–
Total interest income on financial assets not at fair value through profit or loss	**21,874**	1,127
Dividend income from listed securities	**49**	–
Valuation gains on trading securities	**25,185**	–
Government grant	**75**	29
Sundry income	**4,893**	483
	52,076	1,639
Other net income		
Net gain on disposal of subsidiaries	**24,368**	8,505
Net gain on sales of scrap materials	**3,655**	2,448
Net gain on sub-contracting works	**40**	–
Net exchange gain	**–**	49
Net gain on rubbish handling income	**7,744**	–
Net gain on disposal of fixed assets	**300**	–
Net realised gain on trading securities	**601**	–
	36,708	11,002
Other operating income		
Reversal of impairment loss on inventories *(note 22(c))*	**–**	314

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting) the following:

		2008 HK$'000	2007 HK$'000
(a)	Finance costs		
	Interest on bank borrowings wholly repayable within five years	18,476	14,830
	Interest on other borrowings wholly repayable within five years	41,516	9,245
	Interest on bank borrowings not wholly repayable within five years	9,435	–
	Interest on amount due to a securities dealer	37	–
	Interest on loan from a related party	19,197	4,882
	Total interest expense on financial liabilities not at fair value through profit or loss	88,661	28,957
(b)	Staff costs (including Directors' remuneration)		
	Salaries, wages and other benefits in kind	40,705	14,816
	Contributions to defined contribution retirement plans	2,292	341
	Equity settled share-based payment expenses	9,752	18,886
		52,749	34,043
(c)	Other items		
	Cost of inventories *(note 22(c))*	601,560	3,069
	Depreciation, net of amount capitalised	79,498	6,371
	Minimum lease payments under operating leases on leasehold land and buildings	5,753	2,298
	Impairment loss on		
	– trade and other receivables	–	19,261
	– fixed assets	17,302	525
	– intangible assets	25,854	–
	Loss on disposal of fixed assets	641	149
	Auditors' remuneration		
	– audit services	1,941	600
	– other services	50	755
	Rental income from investment properties less direct outgoings of HK$1,319,000 (2007: HK$98,000)	(21,979)	(24,200)
	Amortisation		
	– interest in leasehold land held for own use under operating leases, net of amount capitalised	1,447	102
	– other intangible assets	274	–
	Net exchange loss	3,214	–

7. SHARE OF RESULTS OF ASSOCIATES

	2008 HK$'000	2007 HK$'000
Share of profits of associates before taxation	**2,556**	2,569
Share of associates' taxation	**(579)**	(952)
	1,977	1,617

8. INCOME TAX IN CONSOLIDATED INCOME STATEMENT

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

	2008 HK$'000	2007 HK$'000
Current tax		
Hong Kong	**–**	565
PRC Enterprise Income tax	**25,177**	16,080
	25,177	16,645
Over provision in respect of prior years		
Hong Kong	**(29)**	(237)
PRC Enterprise Income tax	**–**	–
	(29)	(237)
Deferred tax		
Current year	**5,743**	(6,094)
Attributable to a change in tax rate	**(7)**	–
	5,736	(6,094)
	30,884	10,314

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

8. INCOME TAX IN CONSOLIDATED INCOME STATEMENT (Continued)

(b) Reconciliation between tax expense and accounting profit/(loss) at the applicable tax rates:

	2008	2007
	HK$'000	HK$'000
Profit/(loss) before taxation	**73,579**	(61,508)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**16,349**	(17,620)
Tax effect of non-deductible items	**11,539**	29,462
Tax effect of non-taxable income	**(12,062)**	(13,453)
Tax effect of unused tax losses not recognised	**15,464**	–
Tax effect of utilisation of unused tax losses not recognised in prior years	**(291)**	(672)
Tax exemption	**(24,103)**	–
Over-provision in prior years	**(29)**	(237)
Deferred income tax relating to reversal of temporary difference	**20,771**	12,763
Others	**3,246**	71
Actual tax expenses	**30,884**	10,314

8. INCOME TAX IN CONSOLIDATED INCOME STATEMENT (Continued)

(c) New tax law of the PRC

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC (the "New Tax Law"), which would become effective on 1 January 2008. Further, on 6 December 2007, the State Council released the Implementation Rules to the Corporate Income Tax Law (the "Implementation Rules").

According to the New Tax Law, from 1 January 2008, the standard corporate income tax rates for enterprises in the PRC will be reduced from 33% to 25%. However, an "encouraged hi-tech enterprise" will continue to be entitled to a reduced corporate income tax rate of 15%. The detailed application of the newly introduced preferential tax policies has yet to be made public.

Under the New Tax Law which became effective from 1 January 2008 and in accordance with "Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax" (Guo Fa [2007] No.39) promulgated by the State Council on 26 December 2007, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the New Tax Law will be subject to a transitional tax rate beginning in the year 2008 ("Transitional Tax Rate") before the new corporate income tax rate of 25% applies. For companies currently enjoying a reduced tax rate of 15%, the Transitional Tax Rate is 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012 onwards respectively.

Any unutilised tax holidays can continue until expiry while tax holidays will be deemed to start from 1 January 2008, even if the company is not yet turning to a profit.

The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable. The deferred tax assets/liabilities of the subsidiary in the PRC are measured using enacted tax rates expected to apply to taxable income, based on the Transitional Tax Rate, in the years in which those temporary differences are expected to be recovered or settled.

In addition, under the New Tax Law, a withholding tax may be applied on the gross amount of dividends received by the Company from its PRC subsidiary after 1 January 2008. The Implementation Rules provided for the withholding tax rate to be at 10% unless reduced by treaty.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

		Year ended 30 April 2008					
Name of directors	*Notes*	**Directors' fees HK$'000**	**Salary, allowance and benefits in kind HK$'000**	**Retirement scheme contribution HK$'000**	**Sub-total HK$'000**	**Share-based payment (Remark) HK$'000**	**Total HK$'000**
Chairman							
Ms. Li Xiaolin	*(i)*	–	–	–	–	2,670	2,670
Executive directors							
Mr. Lai Leong		108	2,360	12	2,480	–	2,480
Mr. Oxley Clive William		–	1,040	–	1,040	–	1,040
Mr. Wang Hao		–	–	–	–	–	–
Mr. Zhao Xinyan	*(i)*	–	–	–	–	2,090	2,090
Mr. Lin Genyu	*(ii)*	–	–	–	–	–	–
Mr. Cheng Chi	*(ii)*	–	–	–	–	–	–
Independent non-executive directors							
Dr. Chow King Wai		65	–	–	65	–	65
Mr. Chu Kar Wing		65	–	–	65	–	65
Mr. Wong Kwok Tai		60	–	–	60	–	60
		298	3,400	12	3,710	4,760	8,470

9. DIRECTORS' REMUNERATION (Continued)

		Year ended 30 April 2007					
Name of directors	Notes	Directors' fees HK$'000	Salary, allowance and benefits in kind HK$'000	Retirement scheme contribution HK$'000	Sub-total HK$'000	Share-based payment (Remark) HK$'000	Total HK$'000
Chairman							
Mr. Lai Leong		–	3,275	47	3,322	–	3,322
Executive directors							
Mr. Oxley Clive William		–	1,040	–	1,040	–	1,040
Mr. Wang Hao		–	633	–	633	3,752	4,385
Non-executive directors							
Mr. Li Siu Lok, Albert	*(iii)*	13	–	–	13	–	13
Ms. Wan Choi Ha	*(iv)*	10	–	–	10	–	10
Independent non-executive directors							
Dr. Chow King Wai		55	–	–	55	–	55
Mr. Chu Kar Wing		55	–	–	55	–	55
Mr. Wong Kwok Tai		60	–	–	60	–	60
		193	4,948	47	5,188	3,752	8,940

Notes:

(i) appointed on 2 May 2007
(ii) appointed on 30 April 2008
(iii) resigned on 15 July 2006
(iv) resigned on 1 July 2006

During the year, no emoluments or incentive payments were paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 30 April 2008 and 2007.

Remark:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2007: three) were directors of the Company whose emoluments are included in the disclosures in note 9 above. The emoluments of the remaining four (2007: two) individuals were as follows:

	2008	2007
	HK$'000	HK$'000
Salaries and other benefits	**3,751**	1,902
Contributions to retirement benefits schemes	**36**	24
Share-based payment expenses	**2,090**	5,003
	5,877	6,929

The emoluments of the remaining four (2007: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2008	2007
HK$1,000,001 – HK$1,500,000	**3**	–
HK$2,000,001 – HK$2,500,000	**1**	–
HK$3,000,001 – HK$3,500,000	**–**	1
HK$3,500,001 – HK$4,000,000	**–**	1

During the year, no emoluments or incentive payments were paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a loss of HK$46,791,000 (2007: loss of HK$25,168,000) which has been dealt with in the financial statements of the Company.

12. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on profit attributable to ordinary equity shareholders of the Company of HK$6,931,000 (2007: loss of HK$38,160,000) and the weighted average number of 5,187,275,417 ordinary shares (2007: weighted average number of 2,791,845,318 ordinary shares) in issue during the year calculated as follows:

Weighted average number of ordinary shares

	2008	2007
Issued ordinary shares at 1 May	**3,221,023,400**	2,496,023,400
Effect of shares issued under placement	**1,249,508,197**	295,821,918
Effect of shares issue for acquisitions	**554,128,415**	–
Effect of conversion of share options exercised	**636,612**	–
Effect of conversion of convertible notes	**171,829,933**	–
Effect of repurchase of shares	**(9,851,140)**	–
Weighted average number of ordinary shares at 30 April	**5,187,275,417**	2,791,845,318

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$6,931,000 (2007: loss of HK$38,160,000) and the weighted average number of ordinary shares of 5,285,402,013 shares (2007: 2,942,845,318 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)	**2008**	2007
Weighted average number of ordinary shares at 30 April	**5,187,275,417**	2,791,845,318
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**98,126,596**	151,000,000
Weighted average number of ordinary shares at 30 April (diluted)	**5,285,402,013**	2,942,845,318

Diluted loss per share was not presented for the year ended 30 April 2007 as the potential ordinary shares outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

13. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segment. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Investment holding:	equity investments holding
Property development and investment:	the development and sale of properties, the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term
Power generation:	generating and sale of electricity
Securities investment:	securities trading
Others:	trading of bakery and food products; trading of electronic products and provision of consultancy services for hotel management

13. SEGMENT REPORTING (Continued)

	Investment holding		Property development and investment		Power generation		Securities investment		Others		Group	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE												
External sales	**–**	–	**21,979**	55,092	**921,168**	47,972	**–**	–	**8,813**	18,428	**951,960**	121,492
RESULTS												
Segment results	**(69,499)**	(35,582)	**37,958**	(6,372)	**128,673**	2,463	**46,155**	–	**(3,411)**	4,196	**139,876**	(35,295)
Interest income											**21,874**	1,127
Profit/(loss) from operations											**161,750**	(34,168)
Interest expenses											**(88,661)**	(28,957)
Share of results of associates	**–**	–	**1,060**	1,617	**917**	–	**–**	–	**–**	–	**1,977**	1,617
Share of results of jointly controlled entity	**–**	–	**–**	–	**(1,487)**	–	**–**	–	**–**	–	**(1,487)**	–
Profit/(loss) before taxation											**73,579**	(61,508)
Income tax											**(30,884)**	(10,314)
Profit/(loss) for the year											**42,695**	(71,822)
OTHER INFORMATION:												
Depreciation, net of amount capitalised	**1,492**	580	**511**	437	**76,622**	5,354	**–**	–	**873**	–	**79,498**	6,371
Capital expenditure	**11,735**	–	**24,067**	14,147	**24,807**	408	**–**	–	**15**	9	**60,624**	14,564
Impairment loss on trade and other receivables	**–**	–	**–**	19,261	**–**	–	**–**	–	**–**	–	**–**	19,261
Impairment loss on intangible assets	**–**	–	**–**	–	**25,854**	–	**–**	–	**–**	–	**25,854**	–
Valuation (gain)/loss on trading securities	**21,173**	–	**–**	–	**–**	–	**(46,358)**	–	**–**	–	**(25,185)**	–
Equity settled share-based payment	**9,752**	18,886	**–**	–	**–**	–	**–**	–	**–**	–	**9,752**	18,886
Impairment loss on fixed assets	**–**	–	**–**	–	**17,302**	–	**–**	–	**–**	525	**17,302**	525
Loss on disposal of fixed assets	**641**	–	**–**	138	**(198)**	11	**–**	–	**(102)**	–	**341**	149
Amortisation												
– land lease premium, net of amount capitalised	**–**	–	**–**	–	**1,447**	–	**–**	–	**–**	–	**1,447**	–
– other intangible assets	**–**	–	**–**	–	**274**	–	**–**	–	**–**	–	**274**	–
Net exchange (gain)/loss	**(1,167)**	29	**197**	14	**4,184**	–	**–**	–	**–**	(92)	**3,214**	(49)
ASSETS												
Segment assets	**801,699**	59,313	**297,228**	2,094,390	**5,852,747**	225,542	**98,361**	–	**5,942**	9,616	**7,055,977**	2,388,861
Total assets											**7,055,977**	2,388,861
LIABILITIES												
Segment liabilities	**5,963**	1,968	**27,733**	1,553,049	**2,343,888**	131,906	**136**	–	**24,460**	31,148	**2,402,180**	1,718,071
Total liabilities											**2,402,180**	1,718,071

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FOR THE YEAR ENDED 30 APRIL 2008

13. SEGMENT REPORTING (Continued)

Geographical segments

The Group participates in two principal economic environments: Hong Kong and Mainland China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		Mainland China		Overseas		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue:								
External sales	**8,813**	9,249	**943,147**	111,157	**–**	1,086	**951,960**	121,492
Carrying amount of segment assets	**954,312**	86,493	**6,101,665**	2,302,368	**–**	–	**7,055,977**	2,388,861
Capital expenditure	**29,136**	9	**31,488**	14,555	**–**	–	**60,624**	14,564

14. FIXED ASSETS

(a) The Group

	Buildings	Leasehold improvement	Dam	Power generators and equipment	Furniture, fixtures and equipment	Motor vehicles	Utensils and supplies	Sub- total	Investment properties	Interest in leasehold land held for own use under operating leases	Total fixed assets
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation											
At 1 May 2006	–	1,524	–	–	7,161	3,258	3,532	15,475	133,068	–	148,543
Acquisition of subsidiaries *(note 34(c))*	22,376	–	–	64,060	751	2,892	–	90,079	529,141	10,974	630,194
Disposal of subsidiaries *(note 35(b))*	–	–	–	–	(71)	–	–	(71)	(120,000)	–	(120,071)
Additions	64	–	–	340	146	538	–	1,088	13,476	–	14,564
Disposals	–	–	–	(100)	–	(499)	–	(599)	(22,890)	–	(23,489)
Transfer from CIP *(note 15)*	40	–	–	617	–	–	–	657	–	–	657
Fair value adjustment	–	–	–	–	–	–	–	–	(11,282)	–	(11,282)
Exchange adjustments	511	–	–	1,469	34	97	–	2,111	24,336	250	26,697
At 30 April 2007	22,991	1,524	–	66,386	8,021	6,286	3,532	108,740	545,849	11,224	665,813
Representing											
Cost	22,991	1,524	–	66,386	8,021	6,286	3,532	108,740	–	11,224	119,964
Valuation – 2007	–	–	–	–	–	–	–	–	545,849	–	545,849
	22,991	1,524	–	66,386	8,021	6,286	3,532	108,740	545,849	11,224	665,813
At 1 May 2007	22,991	1,524	–	66,386	8,021	6,286	3,532	108,740	545,849	11,224	665,813
Acquisition of subsidiaries *(note 34(c))*	455,855	99	574,801	1,875,270	8,747	9,037	–	2,923,809	–	69,737	2,993,546
Disposal of subsidiaries *(note 35(b))*	–	–	–	–	(814)	(1,583)	–	(2,397)	(568,485)	–	(570,882)
Additions	2,485	1,289	–	8,221	7,588	7,945	–	27,528	19,297	9,900	56,725
Disposals	–	–	–	(87)	–	(587)	–	(674)	(19,197)	–	(19,871)
Transfer from CIP *(note 15)*	485	–	–	693	132	–	–	1,310	–	–	1,310
Fair value adjustment	–	–	–	–	–	–	–	–	2,134	–	2,134
Exchange adjustments	24,620	–	16,092	105,272	534	611	–	147,129	38,802	6,032	191,963
At 30 April 2008	506,436	2,912	590,893	2,055,755	24,208	21,709	3,532	3,205,445	18,400	96,893	3,320,738
Representing											
Cost	506,436	2,912	590,893	2,055,755	24,208	21,709	3,532	3,205,445	–	96,893	3,302,338
Valuation – 2008	–	–	–	–	–	–	–	–	18,400	–	18,400
	506,436	2,912	590,893	2,055,755	24,208	21,709	3,532	3,205,445	18,400	96,893	3,320,738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

14. FIXED ASSETS (Continued)

(a) The Group (Continued)

	Buildings HK$'000	Leasehold improvement HK$'000	Dam HK$'000	Power generators and equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Utensils and supplies HK$'000	Sub- total HK$'000	Investment properties HK$'000	Interest in leasehold land held for own use under operating leases HK$'000	Total fixed assets HK$'000
Accumulated depreciation and impairment											
At 1 May 2006	–	1,524	–	–	6,714	493	3,514	12,245	–	–	12,245
Disposal of subsidiaries *(Notes 35(b))*	–	–	–	–	(64)	–	–	(64)	–	–	(64)
Charge for the year	763	–	–	4,363	157	1,088	–	6,371	–	102	6,473
Written back on disposal	–	–	–	(83)	–	(210)	–	(293)	–	–	(293)
Impairment loss	–	–	–	–	448	59	18	525	–	–	525
Exchange adjustments	8	–	–	48	4	4	–	64	–	1	65
At 30 April 2007	771	1,524	–	4,328	7,259	1,434	3,532	18,848	–	103	18,951
At 1 May 2007	771	1,524	–	4,328	7,259	1,434	3,532	18,848	–	103	18,951
Disposal of subsidiaries *(Notes 35(b))*	–	–	–	–	(275)	(377)	–	(652)	–	–	(652)
Charge for the year	11,048	300	2,963	61,157	2,086	2,447	–	80,001	–	1,526	81,527
Written back on disposal	–	–	–	(70)	–	(490)	–	(560)	–	–	(560)
Impairment loss	–	–	–	17,302	–	–	–	17,302	–	–	17,302
Exchange adjustments	1,039	–	45	1,976	46	63	–	3,169	–	70	3,239
At 30 April 2008	12,858	1,824	3,008	84,693	9,116	3,077	3,532	118,108	–	1,699	119,807
Net book value											
At 30 April 2008	493,578	1,088	587,885	1,971,062	15,092	18,632	–	3,087,337	18,400	95,194	3,200,931
At 30 April 2007	22,220	–	–	62,058	762	4,852	–	89,892	545,849	11,121	646,862

Impairment loss

During the year ended 30 April 2008, a number of plant and machineries in the power generation division were impaired due to technical obsolescence. As a result, the Group assessed the recoverable amounts of those plant and machineries. Based on this assessment, the carrying amount of the power generators and equipment was written down by HK$17,302,000. The estimates of recoverable amount were based on the plant and machineries' fair values less costs to sell, determined by reference to the recent observable market prices for similar assets within the same industry.

During the year ended 30 April 2007, the directors conducted a review of the Group's property, plant and equipment and determined that a number of those assets were impaired, due to technical obsolescence. Accordingly, impairment losses of HK$525,000 have been recognised in respect of furniture, fixtures and equipment and other assets, which are used in the bakery and food segment. The estimate of recoverable amounts were based on the assets' fair values less costs to sell, determined by reference to the recent observable market prices for similar assets within the same industry.

14. FIXED ASSETS (Continued)

(b) The Company

	Leasehold improvement HK$'000	Office equipment HK$'000	Total HK$'000
Cost			
At 1 May 2006, 30 April 2007 and 1 May 2007	–	81	81
Additions	572	258	830
At 30 April 2008	572	339	911
Accumulated depreciation			
At 1 May 2006, 30 April 2007 and 1 May 2007	–	81	81
Charge for the year	191	60	251
At 30 April 2008	191	141	332
Net book value			
At 30 April 2008	381	198	579
At 30 April 2007	–	–	–

(c) As at 30 April 2008, investment properties and property, plant and equipment amounting to HK$18,400,000 (2007: HK$545,849,000) and HK$133,830,000 (2007: HK$Nil) respectively are pledged as security for bank loan facilities granted to the Group (note 27(a)&(b)).

(d) All the investment properties of the Group were stated at fair value as at 30 April 2008. The fair values were arrived at on the valuations carried out by BMI Appraisals Limited, an independent qualified professional firm of valuers not connected with the Group. BMI Appraisals Limited has among its staff members of Hong Kong Institute of Surveyors with recent experiences in the location and category of property being valued. The valuation, which conforms to The Valuation Standards on Properties of Hong Kong Institute of Surveyors, have been determined by reference to recent market transactions in comparable properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

14. FIXED ASSETS (Continued)

(e) The analysis of net book value of properties is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
In Hong Kong		
– medium-term leases	**18,400**	–
Outside Hong Kong		
– medium-term leases	**588,772**	579,190
	607,172	579,190
Representing:		
Buildings carried at cost	**493,578**	22,220
Investment properties carried at fair value	**18,400**	545,849
	511,978	568,069
Interest in leasehold land held for own use under operating leases	**95,194**	11,121
	607,172	579,190

(f) Fixed assets leased out under operating leases

All of the investment properties of the Group were held for rental under operating leases. The investment properties were leased to third parties under operating lease.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
With one year	**–**	17,400
In the second to fifth year, inclusive	**–**	12,185
After five years	**–**	160
	–	29,745

Upon the disposal of King Vantage Limited on 16 January 2008 as set out in note 35(a)(i), the Group had no receivables on future minimum lease payments under non-cancellable operating leases as at 30 April 2008.

15. CONSTRUCTION IN PROGRESS

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 May	**31,866**	–
Acquisition of subsidiaries *(note 34(c))*	**9,315**	7,829
Additions	**94,380**	24,249
Transfer to fixed assets *(note 14a)*	**(1,310)**	(657)
Exchange adjustments	**8,023**	445
At 30 April	**142,274**	31,866

16. PROPERTY UNDER DEVELOPMENT

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 May	**–**	–
Acquisition of subsidiaries *(note 34(c))*	**241,543**	–
Additions	**3,899**	–
Exchange adjustments	**2,259**	–
At 30 April	**247,701**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

17. INTANGIBLE ASSETS

	The Group Patents and franchise HK$'000
Cost:	
At 1 May 2006, 30 April 2007 and 1 May 2007	–
Acquisition of subsidiaries *(note 34(c))*	53,982
At 30 April 2008	53,982
Accumulated amortisation:	
At 1 May 2006, 30 April 2007 and 1 May 2007	–
Charge for the year	274
Impairment loss (see note below)	25,854
At 30 April 2008	26,128
Net carrying value:	
At 30 April 2008	27,854
At 30 April 2007	–

Note:

The recoverable amount of patents and franchise has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a twenty-three year period, which is the remaining life of the patents and franchise held by the Group, and discount rate of 18.53%. The cash flow beyond the twenty-three year period are extrapolated using a steady 2% growth rate. Other key assumptions for the value-in-use calculation relate to the estimation of cash inflow/outflow which include budgeted revenue and royalty income, such estimation is based on the market information of the return on similar patents and franchise. The discount rate used is a pre-tax rate and reflects specific risks relating to the patents and franchise. As the recoverable amount of the patents and franchise based on value-in-use calculation is less than its carrying amount, the carrying amount of the patents and franchise have been reduced to its recoverable amount. Any adverse change in the assumptions used in the calculation of recoverable amount would cause the carrying value to be less than the recoverable amount.

18. GOODWILL

	The Group	
	2008	2007
	HK$'000	HK$'000
Carrying value		
At 1 May	**85,231**	–
Acquisition of subsidiaries *(note 34(c))*	**792,756**	85,231
Acquisition of additional equity interest in a subsidiary *(note 34(d))*	**208,927**	–
Disposal of subsidiaries *(note 35(b))*	**(44,873)**	–
At 30 April	**1,042,041**	85,231

Impairment test for cash-generating units ("CGUs") containing goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to business segment as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Property development and investment *(note a)*	**8,567**	53,439
Power generation *(note b)*	**1,033,474**	31,792
	1,042,041	85,231

Notes:

(a) For the purposes of impairment testing, goodwill arose from the acquisition of a 100% equity interest in Fame Basic Limited ("Fame Basic") on 13 February 2007. The Group paid a consideration of approximately HK$29,009,000 to acquire Fame Basic so as to own its property under development in Chongqing, the PRC.

Fame Basic is principally engaged in the property development business.

Goodwill is allocated to the cash generating unit of Fame Basic (CGU).

The recoverable amount of the CGU is determined with reference to the "fair value less costs to sell". The recoverable amount of the CGU is higher than its carrying amount based on "fair value less costs to sell" calculations. Accordingly, no impairment loss on goodwill is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

18. GOODWILL (Continued)

Notes: (Continued)

(b) For the purposes of impairment testing, goodwill arose from various acquisitions of companies (see note 34(a)) during the current and prior years.

All the acquired companies are principally engaged in the power generation business.

Goodwill is allocated to the cash generating units of all these companies (CGUs).

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

Key assumptions used for value-in-use calculations:

	The Group	
	2008	2007
Gross margin	**10 – 90%**	5%
Growth rate	**2%**	2%
Discount rate	**18.53%**	15.82%

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

The recoverable amounts of the CGUs are higher than their carrying amounts based on value-in-use calculations. Accordingly, no impairment loss on goodwill is recognised in the consolidated income statement (2007: HK$Nil).

19. INTERESTS IN SUBSIDIARIES

	The Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**166**	166
Less: Impairment loss	**(88)**	(88)
	78	78
Due from subsidiaries (note (c))	**3,022,952**	312,539
Less: Allowance for doubtful debt	**(35,280)**	(37,566)
	2,987,672	274,973
	2,987,750	275,051

Notes:

(a) Movements in the allowance for doubtful debts

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 May	**37,654**	36,896
Impairment loss recognised	**–**	758
Amounts reversed during the year	**(2,286)**	–
At 30 April	**35,368**	37,654

(b) The directors consider that in light of recurring operating loss of certain subsidiaries, the recoverable amounts of these subsidiaries have been reduced to the estimated net realisable value of their identifiable net assets. Accordingly, impairment loss of approximately HK$88,000 (2007: HK$88,000) and HK$35,280,000 (2007: HK$37,566,000) in respect of the Company's interests in subsidiaries and amounts due from subsidiaries were recognised respectively.

(c) The balances are unsecured, interest-free and are not expected to be repaid within one year from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

19. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(d) The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Sunny Apex Limited	Hong Kong	10,000 shares of HK$1 each	100%	100%	–	Holding of motor vehicle
Lucky Talent Limited	British Virgin Islands/ Hong Kong	1 share of US$1 each	100%	100%	–	Securities trading
Delux Vantage Limited	British Virgin Islands/ Hong Kong	1 share of US$1 each	100%	–	100%	Property holding
Newton Group Investment Limited	Hong Kong	2 shares of HK$1 each	100%	–	100%	Holding of motor vehicle
China Power (New Energy) Holdings Limited	Hong Kong	1 share of HK$1 each	100%	–	100%	Investment holding
Fame Basic Limited	British Virgin Islands/ PRC	1 share of US$1 each	100%	–	100%	Property investment
Kamboat Bakery Limited	Hong Kong	2,040,000 shares of HK$1 each	51%	–	51%	Bakery operations
Oriental Board Limited	Hong Kong	1 share of HK$1 each	100%	–	100%	Consultancy
Zhongdian Hongze Thermal Power Company Limited** ("中電(洪澤)熱電有限公司")	PRC	RMB30,000,000	60%	–	60%	Thermal power generating

19. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(d) (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
Zhongdian Hongze Reproductive Substance Thermal Power Company Limited* ("中電(洪澤)生物質熱電有限公司")	PRC	RMB26,000,000	100%	–	100%	Thermal power generating
上海龍圖實業發展有限公司***	PRC	RMB60,000,000	100%	–	100%	Property development
China Power International New Energy Holding Limited* ("中電國際新能源控股有限公司")	PRC	US$30,000,000	100%	–	100%	Investment holding
CPI (Fujian) Power Development Limited ("中電(福建)電力開發有限公司")*	PRC	RMB632,750,000	100%	–	100%	Thermal power generating
Gansu China Power Jinquan Wind Electrical Power Company Limited ("甘肅中電酒泉風力發電有限公司")**	PRC	RMB139,003,619	90%	–	90%	Thermal power generating
Dongguan City Kewei Environment Power Company Limited ("東莞市科偉環保電力有限公司")*	PRC	RMB60,000,000	40% *(remark)*	–	40%	Thermal power generating
甘肅中電科耀新能源裝備有限公司***	PRC	RMB9,100,000	51%	–	51%	Manufacturing of equipment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

19. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(d) (Continued)

Name of company	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Dongguan Dong Cheng Dong Xin Heat and Power Company Limited ("東莞東城東興熱電有限公司")**	PRC	USD34,525,859	80%	–	80%	Thermal power generating
浙江德清縣佳能垃圾焚燒發電有限公司*	PRC	RMB20,000,000	100%	–	100%	Thermal power generating
雲南雙星綠色能源有限公司**	PRC	RMB116,800,000	60%	–	60%	Thermal power generating

* *wholly-owned foreign enterprise*
** *sino-foreign equity joint-venture enterprise*
*** *private limited liability company*

Remark:

Pursuant to the terms of the agreement entered into by the Company and the vendor relating to the acquisition of Dongguan Dong Xin, the Group will have the financial, operation and management control over Dongguan Dong Xin. Therefore, the Group account for Dongguan Dong Xin as subsidiary of the Company.

(e) The recoverable amount of the investment in subsidiaries based upon which impairment loss is arrived at its value-in-use and is determined using discounted cash flows. The discount rate used is 18.53% (2007: 15.82%), which is determined with reference to the borrowing rates of the Group as at the balance sheet date.

20. INTERESTS IN ASSOCIATES

	Group 2008 HK$'000	Group 2007 HK$'000
Share of net assets	**102,311**	3,344
Goodwill *(note (b))*	**52,602**	–
Due from an associate *(note (c))*	**6,681**	9,305
	161,594	12,649
Less: Impairment loss	**(6,681)**	(6,681)
	154,913	5,968

Notes:

(a) Particulars of the principal associates as at the balance sheet date are as follows:

Name of company	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Hold by a subsidiary	Principal activities
福建壽寧牛頭山水電有限公司*	Established	PRC	RMB93,050,000	33%	–	33%	Generation and sale of electricity
上海東海風力發電有限公司*	Established	PRC	RMB230,000,000	24%	–	24%	Generation and sale of electricity

* *private limited liability company*

(b)

	Group 2008 HK$'000	Group 2007 HK$'000
At 1 May	**–**	–
Acquisition of interest in Tianyuan Development Limited	**52,602**	–
At 30 April	**52,602**	–

As detailed in note 34(a)(ii), through the acquisition of Tianyuan Development Limited on 25 January 2008, the Group acquired 33% indirect interest in 福建壽寧牛頭山水電有限公司.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

20. INTEREST IN ASSOCIATES (Continued)

Notes: (Continued)

(b) (Continued)

Impairment tests on goodwill arising from acquisition of associates

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

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

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

Key assumptions used for value-in-use calculations:

Growth rate	5%
Discount rate	11.42%

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

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

(c) The amount due from an associate is unsecured, interest-free and has no fixed repayment terms. After considering the profitability, financial positions, cash flows and future prospects of these associates, the directors considered that it was appropriate to make impairment on amount due from the associate.

(d) Summarised financial information of the Group's associates is as follows:

	Assets HK$'000	**Liabilities** HK$'000	**Equity** HK$'000	**Revenues** HK$'000	**Profit** HK$'000
2008					
100 per cent	1,006,757	(630,697)	(376,060)	23,564	2,817
Group's effective interest	308,422	(207,383)	(101,039)	7,776	930
2007					
100 per cent	32,316	(27,646)	(4,670)	6,557	1,338
Group's effective interest	8,111	(7,737)	(374)	961	196

21. TRADING SECURITIES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trading securities (at market value)				
Listed equity securities				
– in Hong Kong	**131,061**	–	**33,535**	–

22. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	The Group	
	2008	2007
	HK$'000	HK$'000
Power generation/General trading		
Raw materials	**116,122**	9,058
Work in progress	**25,910**	–
Spare parts and consumables	**57,888**	–
	199,920	9,058
Property development and investment		
Property under development for sale	**–**	1,341,005
	199,920	1,350,063

(b) The analysis of carrying value of land and properties held by the Group is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Outside Hong Kong		
– medium-term lease	**–**	1,341,005
Representing		
Property under development for sale	**–**	1,341,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

22. INVENTORIES (Continued)

(c) The analysis of the amount of inventories recognised as an expense is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Carrying amount of inventories sold	**601,560**	3,069
Reversal of impairment loss on inventories	**–**	(314)
	601,560	2,755

(d) As at 30 April 2007, property under development for sale amounting to HK$1,341,005,000 was pledged as security for bank loan facilities granted to the Group (note 27(a)).

23. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables	**159,051**	11,167	**–**	–
Other receivables	**283,463**	50,416	**–**	–
Less: Allowance for doubtful debts	**(24,307)**	(24,307)	**–**	–
Loans and receivables	**418,207**	37,276	**–**	–
Prepayments and deposits	**200,460**	–	**6,463**	1,214
Promissory note	**1,560**	–	**–**	–
Due from related companies	**54,276**	64,609	**–**	–
	674,503	101,885	**6,463**	1,214

All of the trade and other receivables (including amounts due from related companies) are expected to be recovered within one year.

23. TRADE AND OTHER RECEIVABLES (Continued)

(a) Age analysis

Included in trade and other receivables are trade receivables net of allowance for doubtful debts of HK$Nil (2007: HK$Nil) with the following age analysis as of the balance sheet date:

	The Group	
	2008	2007
	HK$'000	HK$'000
Current to 3 months	**145,042**	11,117
4 to 6 months	**8,154**	50
7 to 12 months	**5,830**	–
Over 1 year	**25**	–
	159,051	11,167

The credit terms granted by the Group to customers are normally less than 30 days. Provision for doubtful debts was made and thereafter written off when collection of the full amount was no longer probable. Bad debts are written off as incurred.

(b) Impairment of receivables

Impairment losses in respect of debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly (see note 2(k)).

Movements in the allowance for doubtful debts

	The Group	
	2008	2007
	HK$'000	HK$'000
At 1 May and 30 April	**24,307**	24,307

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

23. TRADE AND OTHER RECEIVABLES (Continued)

(c) Trade receivables that are not impaired

The age analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**134,772**	10,863
Less than 1 month past due	**7,662**	212
1 to 3 months past due	**2,608**	42
Over 3 months past due	**14,009**	50
	24,279	304
	159,051	11,167

Receivables that were neither past due nor impaired mainly relate to receivables from regional and provincial power grid companies for whom there was no recent history of default.

Receivables that were past due but not impaired relate to receivables from regional and provincial power grid companies and a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

24. AMOUNTS DUE FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest free and repayable within one year.

25. PLEDGED DEPOSITS

The amounts are pledged to secure the bills payables of the Group (see note 29(b)).

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**252,259**	97,624	**17,180**	603
Deposits with banks	**759,614**	48,929	**736,440**	48,929
Cash and cash equivalents in the balance sheet and cash flow statement	**1,011,873**	146,553	**753,620**	49,532

27. BANK AND OTHER BORROWINGS

	The Group	
	2008	2007
	HK$'000	HK$'000
Current:		
Bank loans, secured *(Note (a))*	**20,446**	603,627
Other loans, secured *(Note (b))*	**698,125**	60,870
Loan from a related party, unsecured *(Note (c))*	**–**	20,290
	718,571	684,787
Non-current:		
Bank loans, secured *(Note (a))*	**661,813**	271,886
Other loans, secured *(Note (b))*	**33,510**	–
Other loan, unsecured	**55,850**	–
Loan from a related party, unsecured *(Note (c))*	**312,760**	–
	1,063,933	271,886
Total borrowings	**1,782,504**	956,673

27. BANK AND OTHER BORROWINGS (Continued)

At 30 April 2008, the bank and other borrowings were repayable as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Within 1 year and on demand	**718,571**	684,787
After 1 year but within 2 years	**69,602**	10,145
After 2 years but within 5 years	**654,542**	25,363
After 5 years	**339,789**	236,378
	1,782,504	956,673

Notes:

(a) Bank loans, secured

(i) At 30 April 2007, the Group had total banking facilities amounted to RMB963,800,000 (equivalent to HK$977,775,000) in which RMB863,000,000 (equivalent to HK$875,513,000) of bank loans had been utilised. The banking facilities were bearing interest ranging from 3.399% to 5.265% per annum and were secured by certain assets of the Group and guarantees given by the Group and certain parties which are detailed as follows:

– Assets given by the Group, please refer to notes 14(c) and 22(d) for details.

– Corporate guarantee of an aggregate amount of approximately RMB165,800,000 (equivalent to HK$168,204,000) as at 30 April 2007 given by China Power International Holding Limited, the intermediate holding company of the shareholder of the Company.

– Personal guarantee of an aggregate amount of approximately RMB600,000,000 (equivalent to HK$608,700,000) as at 30 April 2007 given by the director of certain PRC subsidiaries of the Company.

(ii) At 30 April 2008, the Group had total banking facilities available to the PRC subsidiaries amounted to RMB737,000,000 (equivalent to HK$823,229,000) in which RMB601,000,000 (equivalent to HK$671,317,000) of bank loans had been utilised. The banking facilities were secured by a corporate guarantee given by China Power International Holding Limited, the intermediate holding company of the Company and bearing interest ranging from 4.86% to 7.227% per annum.

(iii) At 30 April 2008, the loan of approximately HK$10,942,000 was bearing interest at 0.5% over HIBOR in Hong Kong granted to a Hong Kong subsidiary which is secured by the personal guarantee given by a director of the Company.

(b) Other loans, secured

(i) At 30 April 2007, the loan of approximately RMB60,000,000 (equivalent to HK$60,870,000) was bearing interest at 17% per annum, secured by legal charges over the investment properties of the Group, please refer to note 14(c) for details. The loan was fully settled during the year ended 30 April 2008.

(ii) At 30 April 2008, the Group had total other loans amounted to RMB655,000,000 (equivalent to HK$731,635,000) were bearing interest ranging from 4.86% to 5.805% per annum and secured by certain assets and guarantees given by the Group and certain parties which are detailed as follows:

– Assets given by the Group, please refer to note 14(c) for details.

– Corporate guarantee of an aggregate amount of approximately RMB655,000,000 (equivalent to HK$731,635,000) as at 30 April 2008, given by the minority shareholders and former shareholders of the Group's subsidiaries.

27. BANK AND OTHER BORROWINGS (Continued)

(c) Loan from a related party, unsecured

At 30 April 2007. the loan of approximately RMB20,000,000 (equivalent to HK$20,290,000) was unsecured and bearing interest at 5.265% per annum. The loan was fully settled during the year ended 30 April 2008.

At 30 April 2008. the loan of approximately RMB280,000,000 (equivalent to HK$312,760,000) is unsecured and bearing interest at 5.805% per annum.

(d) Convertible notes

On 25 January 2008, the Company issued a zero coupon convertible note (the "Note") with an aggregate principal amount of HK$1,630,000,000 and a maturity date of 24 January 2013. The noteholders have rights to convert their Note into new ordinary shares of the Company at any time from the date of issue to the date of maturity, at an initial conversion price of HK$1.27 per ordinary share, subject to adjustment. On the maturity date, the Company shall repay to the noteholders 100% of the principal amount of the outstanding convertible notes held by the noteholder.

The Notes was split into liability and equity components of HK$1,009,484,000 and HK$620,516,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing to the equity component the residual amount. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible notes equity reserve. Interest expense on the Note is calculated using the effective interest method by applying the effective interest rate of 10.057% per annum to the liability components of the Note.

The Note has been fully converted into new ordinary shares of the Company during the year ended 30 April 2008, details are disclosed in note 32(c)(iv) to the financial statements.

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable within one year.

29. TRADE AND OTHER PAYABLES

	The Group		**The Company**	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables *(note (a))*	**91,378**	22,447	**–**	–
Bills payables, secured *(note (b))*	**111,700**	–	**–**	–
Other payables and accruals	**232,993**	57,261	**3,864**	1,969
Due to related companies	**137,461**	3,903	**–**	–
Due to subsidiaries	**–**	–	**13,647**	17,645
Deposit received *(note (c))*	**–**	420,096	**–**	–
Coupon liabilities	**4,817**	5,077	**–**	–
Financial liabilities measured at amortised cost	**578,349**	508,784	**17,511**	19,614

All of the trade and other payables (including amounts due to related companies) are expected to be settled or recognised as income within one year or are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

29. TRADE AND OTHER PAYABLES (Continued)

(a) The following is an age analysis of trade payables as at the balance sheet date:

	The Group	
	2008	2007
	HK$'000	HK$'000
Current to 3 months	**86,080**	2,170
4 to 6 months	**2,770**	3,590
7 to 12 months	**381**	1,156
Over one year	**2,147**	15,531
	91,378	22,447

(b) As at 30 April 2008, bills payable were secured by a bank deposit of the Group (2007: HK$Nil) *(note 25)* and a corporate guarantee given by a minority shareholder of the subsidiary.

(c) Deposit received represented the amounts received on property under development for sale sold prior to their completion. Upon the disposal of King Vantage Limited on 16 January 2008 as set out in note 35(a)(i), the Group had no deposit received as at 30 April 2008.

30. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the balance sheet represents:

	The Group	
	2008	2007
	HK$'000	HK$'000
Provision for the year		
– Hong Kong Profits tax	**–**	565
– PRC Enterprise Income tax	**25,177**	16,080
Provision for prior years		
– Hong Kong Profits tax	**589**	5
– PRC Enterprise Income tax	**114**	393
Provisional tax paid		
– Hong Kong Profits tax	**(282)**	–
– PRC Enterprise Income tax	**(24,483)**	(5,439)
	1,115	11,604

30. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000	Revaluation of investment properties HK$'000	Impairment on property, plant and equipment HK$'000	Provision HK$'000	Tax losses HK$'000	Total HK$'000
Deferred tax arising from:						
At 1 May 2006	2,356	12,065	–	–	(761)	13,660
Acquisition of subsidiaries	–	197,095	–	–	–	197,095
Disposal of subsidiaries *(Note 35(b))*	(2,356)	(12,325)	–	–	761	(13,920)
Credit to profit or loss	–	(6,094)	–	–	–	(6,094)
At 30 April 2007 and 1 May 2007	–	190,741	–	–	–	190,741
Acquisition of subsidiaries	(73,355)	–	(23,683)	(817)	(4,502)	(102,357)
Disposal of subsidiaries	–	(203,618)	–	–	–	(203,618)
Charge/(credit) to profit or loss	1,684	(630)	187	–	4,502	5,743
Effect of change in tax rate	(7)	–	–	–	–	(7)
Exchange adjustments	(5,930)	13,507	–	(23)	–	7,554
At 30 April 2008	(77,608)	–	(23,496)	(840)	–	(101,944)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

30. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2008	2007
	HK$'000	HK$'000
Deferred tax liabilities	**767**	190,741
Deferred tax assets	**(102,711)**	–
	(101,944)	190,741

(c) Deferred tax assets not recognised

At the balance sheet date, the Group has unused tax losses arising in Hong Kong and in the PRC of approximately HK$13,112,000 (2007: approximately HK$27,864,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS

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

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

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) The terms and conditions of the grants that existed during the years ended 30 April 2008 and 2007 are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors			
– on 9 March 2007	30,000,000	From date of grant	10 years
– on 8 June 2007	41,000,000	From date of grant	10 years
Options granted to employees			
– on 9 March 2007	121,000,000	From date of grant	10 years
– on 8 June 2007	43,000,000	From date of grant	10 years
Total share options	235,000,000		

(b) The number and weighted average exercise prices of share options are as follows:

	2008		2007	
	Weighted average exercise price HK$	**Number of options '000**	Weighted average exercise price HK$	Number of options '000
Outstanding at the beginning of the year	**0.6300**	**151,000**	–	–
Granted during the year	**0.8360**	**84,000**	0.6300	151,000
Exercised during the year	**0.7036**	**(1,000)**	–	–
Outstanding at the end of the year	**0.7036**	**234,000**	0.6300	151,000
Exercisable at the end of the year	**0.7036**	**234,000**	0.6300	151,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.7036 (2007: HK$0.63)

The share options outstanding at 30 April 2008 had an exercise price of HK$0.7036 (2007: HK$0.63) and a weighted average remaining contractual life of 8.95 years (2007: 9.86 years).

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FOR THE YEAR ENDED 30 APRIL 2008

31. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Fair value of share options and assumptions

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

	Date of grant of share options	
	8 June 2007	**9 March 2007**
Fair value at measurement date	$0.1161	$0.125
Share price	$0.82	$0.63
Exercise price	$0.836	$0.63
Expected volatility	82.86%	86.47%
Option life (expressed as weighted average life used in the modelling under the Black-Scholes-Metron Option Pricing Model	10 years	10 years
Expected dividends	0%	0%
Risk-free interest rate (based on Exchange Fund Notes)	3.968%	3.751%

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

There were no service conditions or market conditions associated with the share options granted.

32. CAPITAL AND RESERVE

(a) The Group

		Attributable to equity shareholders of the Company											
	Note	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Statutory reserves HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserves HK$'000	Convertible notes equity reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 May 2006		249,602	–	–	–	–	–	–	–	(103,360)	146,242	(17,774)	128,468
Acquisition of subsidiaries	34(c)	–	–	–	–	–	–	–	–	–	–	382,404	382,404
Disposal of subsidiaries	35(b)	–	–	–	–	–	–	–	–	–	–	726	726
Equity settled share-based transactions		–	–	–	–	–	18,886	–	–	–	18,886	–	18,886
Issue of consideration shares	32(c)	32,500	45,500	–	–	–	–	–	–	–	78,000	–	78,000
Shares issued under placement	32(c)	40,000	70,000	–	–	–	–	–	–	–	110,000	–	110,000
Exchange difference on translation of financial statements of subsidiaries		–	–	–	–	–	–	–	6,658	–	6,658	17,420	24,078
Loss for the year		–	–	–	–	–	–	–	–	(38,160)	(38,160)	(33,662)	(71,822)
At 30 April 2007		322,102	115,500	–	–	–	18,886	–	6,658	(141,520)	321,626	349,114	670,740
At 1 May 2007		322,102	115,500	–	–	–	18,886	–	6,658	(141,520)	321,626	349,114	670,740
Acquisition of subsidiaries	34(c)	–	–	–	–	110,848	–	–	6,814	–	117,662	238,106	355,768
Disposal of subsidiaries	35(b)	–	–	–	–	–	–	–	(19,718)	–	(19,718)	(353,376)	(373,094)
Equity component of convertible notes		–	–	–	–	–	–	620,516	–	–	620,516	–	620,516
Issue of consideration shares	32(c)	60,900	592,550	–	–	–	–	–	–	–	653,450	–	653,450
Shares issued upon conversion of convertible notes	32(c)	128,347	1,501,654	–	–	–	–	(620,516)	–	–	1,009,485	–	1,009,485
Shares issued under placement, net of issuance cost	32(c)	194,000	1,424,883	–	–	–	–	–	–	–	1,618,883	–	1,618,883
Shares issued under share option scheme		100	655	–	–	–	(125)	–	–	–	630	–	630
Equity settled share-based transactions		–	–	–	–	–	9,752	–	–	–	9,752	–	9,752
Repurchase of shares	32(c)	(1,081)	(5,641)	1,081	–	–	–	–	–	(1,081)	(6,722)	–	(6,722)
Appropriations		–	–	–	2,998	–	–	–	(26)	(2,972)	–	–	–
Realisation		–	–	–	(123)	–	–	–	–	–	(123)	–	(123)
Acquisition of additional equity interest in a subsidiary		–	–	–	–	–	–	–	–	–	–	(89,073)	(89,073)
Exchange difference on translation of financial statements of subsidiaries		–	–	–	–	–	–	–	100,014	–	100,014	40,876	140,890
Profit for the year		–	–	–	–	–	–	–	–	6,931	6,931	35,764	42,695
At 30 April 2008		704,368	3,629,601	1,081	2,875	110,848	28,513	–	93,742	(138,642)	4,432,386	221,411	4,653,797

NOTES TO THE FINANCIAL STATEMENTS

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32. CAPITAL AND RESERVE (Continued)

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 May 2006	249,602	–	–	–	–	(125,137)	124,465
Equity settled share-based transactions	–	–	–	18,886	–	–	18,886
Issue of consideration shares	32,500	45,500	–	–	–	–	78,000
Shares issued under placement	40,000	70,000	–	–	–	–	110,000
Loss for the year	–	–	–	–	–	(25,168)	(25,168)
At 30 April 2007	322,102	115,500	–	18,886	–	(150,305)	306,183
At 1 May 2007	322,102	115,500	–	18,886	–	(150,305)	306,183
Equity component of convertible notes	–	–	–	–	620,516	–	620,516
Shares issued upon conversion of convertible notes	128,347	1,501,654	–	–	(620,516)	–	1,009,485
Issue of consideration shares	60,900	191,600	–	–	–	–	252,500
Shares issued under placement, net of issuance cost	194,000	1,424,883	–	–	–	–	1,618,883
Shares issued under share option scheme	100	655	–	(125)	–	–	630
Equity settled share-based transactions	–	–	–	9,752	–	–	9,752
Repurchase of shares	(1,081)	(5,641)	1,081	–	–	(1,081)	(6,722)
Loss for the year	–	–	–	–	–	(46,791)	(46,791)
At 30 April 2008	704,368	3,228,651	1,081	28,513	–	(198,177)	3,764,436

32. CAPITAL AND RESERVE (Continued)

(c) Share capital

(i) Authorised and issued share capital

	2008		2007	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.10 each *(Note ii)*	**10,000,000**	**1,000,000**	6,000,000	600,000
Ordinary shares, issued and fully paid:				
At 1 May	**3,221,023**	**322,102**	2,496,023	249,602
Issue of consideration shares *(Note 34(c))*	**609,000**	**60,900**	325,000	32,500
Issue of shares upon placement *(Note iii)*	**1,940,000**	**194,000**	400,000	40,000
Issue of shares upon conversion of convertible notes *(Note iv)*	**1,283,465**	**128,347**	–	–
Issue of shares by exercise of share options *(Note v)*	**1,000**	**100**	–	–
Share repurchased *(Note vi)*	**(10,808)**	**(1,081)**	–	–
At 30 April	**7,043,680**	**704,368**	3,221,023	322,102

The holders of ordinary shares are entitled to received dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Increase in authorised share capital

By an ordinary resolution passed at the special general meeting held on 1 June 2007, the Company's authorised share capital was increased to HK$1,000,000,000 by the creation of additional 4,000,000,000 ordinary shares of HK$0.1 each, ranking pari passu with the existing ordinary shares of the Company in all respects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

32. CAPITAL AND RESERVE (Continued)

(c) Share capital (Continued)

(iii) Shares issued under placement

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

– On 2 May 2007, the Company entered into a placing agreement to appoint a placing agent, BNP Paribas Peregrine, to placing 640,000,000 shares at the price of HK$0.905 per share to an independent third party on behalf of WSL with an option granted to BNP Paribas Peregrine to sell 90,000,000 shares at the sole discretion if necessary.

  On the same day, WSL entered into a subscription agreement with the Company to subscribe for 640,000,000 new shares at the price of HK$0.905 per share. The placing and subscription were completed on 14 May 2007.

– On 15 August 2007, the Company and Shining East Investments Limited, an independent third party, entered into a subscription agreement to subscribe for 900,000,000 new shares at the price of HK$0.81 per share. On the same date, the Company and Thrivetrade Limited, an independent third party, entered into a subscription agreement to subscribe for 400,000,000 new shares at the price of HK$0.81 per share. Both subscriptions were completed on 5 November 2007.

(iv) Shares issued under convertible notes

On 25 January 2008, the Company issued HK$1,630,000,000 convertible notes at a conversion price of HK$1.27 per share *(note 27(d))*. On 11 March 2008, HK$1,630,000,000 convertible notes were converted. Upon full conversion of all the convertible notes, the number of ordinary shares of the Company increased by approximately 1,283,465,000.

32. CAPITAL AND RESERVE (Continued)

(c) Share capital (Continued)

(v) Shares issued under share option scheme

On 5 September 2007, options were exercised to subscribe for 1,000,000 ordinary shares of the Company for a consideration of HK$630,000 of which HK$100,000 was credited to share capital and the balance of HK$530,000 was credited to the share premium account. HK$125,000 has been transferred from the employee share-based compensation reserve to the share premium account in accordance with the accounting policy set out in note 2(s)(ii).

(vi) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month / year	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
March 2008	8,627,800	0.65	0.62	5,446
April 2008	2,180,000	0.59	0.57	1,262
	10,807,800			6,708

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of the these shares. The premium paid on the repurchase of the shares of approximately HK$5,641,000 (net of related expenses) was charged to the share premium account. An amount of approximately HK$1,081,000 equivalents to the nominal value of the cancelled shares was transferred from accumulated losses to capital redemption reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

32. CAPITAL AND RESERVE (Continued)

(c) Share capital (Continued)

(vii) Terms of unexpired and unexercised share options at balance sheet date:

Exercise period	Exercise price	2008 Number	2007 Number
9 March 2007 to 8 March 2017	HK$0.63	**150,000,000**	151,000,000
8 June 2007 to 7 June 2017	HK$0.836	**84,000,000**	–
		234,000,000	151,000,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in note 31 to the financial statements.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 90 of the Bermuda Companies Act 1981.

(ii) Statutory reserve

Transfers from retained earnings to statutory reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into paid-up capital provided that the balance of the statutory reserve fund after such conversion is not less than 25% of their registered capital.

The Company's subsidiaries in the PRC are required to transfer a minimum of 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to equity holders.

(iii) Contributed surplus

The contributed surplus comprises the deemed contribution represents the shortfall of the fair value of the consideration below the fair value of the net assets acquired from acquisition of subsidiaries from the shareholder.

32. CAPITAL AND RESERVE (Continued)

(d) Nature and purpose of reserves (Continued)

(iv) Employee share-based compensation reserve

This comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share based payments in note 2(s)(ii).

(v) Convertible notes equity reserve

The convertible notes equity reserve comprises the value of the unexercised equity component of convertible notes issued by the Group in accordance with the accounting policy adopted for convertible notes set out in note 2(n).

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(x).

(e) Distributability of reserves

At 30 April 2008 and 2007, the Company has no reserves available for distribution to equity shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

32. CAPITAL AND RESERVE (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher stakeholder 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity', as shown in the consolidated balance sheet, plus net debt.

The gearing ratio at 30 April 2008 and 2007 was as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Total bank and other borrowings *(Note 27)*	**1,782,504**	956,673
Less: Cash and cash equivalents *(Note 26)*	**(1,011,873)**	(146,553)
Net debt	**770,631**	810,120
Total equity	**4,653,797**	670,740
Total capital	**5,424,428**	1,480,860
Gearing ratio	**14%**	55%

The decrease in the gearing ratio during 2008 resulted primarily from the additional fundings obtained in order to finance the acquisitions of subsidiaries and additional equity interest in a subsidiary as mentioned in note 34 to the financial statements.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments include equity investments, borrowings, trade receivables and trade payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk, and other price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

(i) As at 30 April 2008, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets after deducting any impairment allowance.

(ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 30 days from the date of billing.

(iii) In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the balance sheet date, the Group had a certain concentration risk as approximately 18% (2007: 5%) and 0% (2007:44%) of the total trade and other receivables was due from three major customers and a related company of the Company respectively.

(iv) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's investments are also publicly traded in a recognised stock exchange. Management does not expect any losses from non-performance by these counterparties.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

33. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

	2008						2007					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Bank and other borrowings	874,295	188,665	575,422	572,142	2,210,524	1,782,504	755,983	24,609	39,187	248,957	1,068,736	956,673
Amounts due to minority shareholders of subsidiaries	35,679	–	–	–	35,679	35,679	46,827	–	–	–	46,827	46,827
Trade and other payables	578,349	–	–	–	578,349	578,349	508,784	–	–	–	508,784	508,784
	1,488,323	188,665	575,422	572,142	2,824,552	2,396,532	1,311,594	24,609	39,187	248,957	1,624,347	1,512,284

The Company

	2008						2007					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Other payables	17,511	–	–	–	17,511	17,511	19,614	–	–	–	19,614	19,614

33. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

(c) Interest rate risk

The Group's interest risk arises primarily from its borrowings, pledged deposits and cash and cash equivalents.

Cash and Cash equivalents and pledged deposits comprise mainly cash at banks, with the interest rates ranging from 1.18% to 5.83% as at 30 April 2008 (2007: 2.5% to 4%).

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes of interest rates. The interest rates of the Group's bank and other borrowings are disclosed in note 27.

Sensitivity analysis

At 30 April 2008, it is estimated that a general increase/decrease of 50 basis points in interest rates to variable rate bank and other borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK$733,000 (2007: HK$5,323,000). Other components of equity would not be affected (2007: HK$Nil) by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for financial liabilities in existence at that date. The 50 basis points increase or decrease represents management's assessment of a reasonably possible change in respective interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

33. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

(d) Currency risk (Continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2008	2007
	RMB'000	RMB'000
The Group		
Trade and other receivables	**526,518**	105,887
Amounts due from minority shareholders of subsidiaries	**42,197**	–
Pledged deposits	**47,101**	–
Cash and cash equivalents	**177,205**	95,058
Bank and other borrowings	**(1,586,000)**	(943,000)
Amounts due to minority shareholders of subsidiaries	**(14,209)**	(25,351)
Trade and other payables	**(509,136)**	(478,664)
Net exposure to currency risk	**(1,316,324)**	(1,246,070)

33. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and accumulated losses) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

The Group

	2008			2007		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and accumulated losses HK$'000**	**Effect on other components of equity HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and accumulated losses HK$'000	Effect on other components of equity HK$'000
Renminbi	**5%**	**73,517**	**–**	5%	63,207	–
	-5%	**(73,517)**	**–**	-5%	(63,207)	–

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the Group's exposure to 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 rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

33. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

(e) Price risk

The Group is exposed to equity securities price risk in respect of investment held by the Group which are classified as trading securities. The Group's trading securities are publicly traded. At 30 April 2008, if the quoted market price of the equity investments held by the Group had increased/decreased by 5% with all other variables held constant, the results of the Group would have been approximately HK$6,553,000 (2007: Nil) higher/lower mainly as result of the changes in fair value of trading securities.

The Group also exposes to commodity price risk mainly in relation to the coal and oil price. At 30 April 2008, the Group entered into certain coal and oil purchase contracts with coal suppliers and oil suppliers respectively in order to reduce its exposure to fluctuations in coal and oil prices.

(f) Fair values

The fair values of cash and cash equivalents, pledged deposits, trade and other receivables, trade and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The fair value of financial assets traded on active liquid markets are determined with reference to listed market prices. The carrying amounts of bank and other borrowings approximate their fair values.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

(i) Securities

Fair value is based on listed market price at the balance sheet date without any deduction for transaction costs.

(ii) Interest-bearing borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

(iii) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY

The Group acquired the following subsidiaries with details below:

(a) Business combination

For the year ended 30 April 2008

(i) Acquisition of Tianhan Development Limited

On 2 May 2007, the Group completed the acquisition of 44% equity interest in Tianhan Development Limited, a company that directly held 100% equity interest in 中電國際新能源控股有限公司at a consideration of HK$375,250,000, satisfied by issue of 395,000,000 shares of the Company (see note below). The Group further acquired 56% equity interest in Tianhan Development Limited on 25 January 2008 at a consideration of HK$150,000,000, satisfied by issue of convertible notes. Both acquisitions were acquired from China Power International New Energy Development Limited, a shareholder of the Company. As a result of the acquisitions, Tianhan then became a wholly owned subsidiary of the Group. These acquisitions have been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Tianhan Development Limited are summarised below:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Other property, plant and equipment	5,645	–	5,645
Construction in progress	48	–	48
Interests in associates	59,979	–	59,979
Inventories	2,897	–	2,897
Trade and other receivables	132,784	–	132,784
Cash and cash equivalents	93,811	–	93,811
Trade and other payables	(38,518)	–	(38,518)
Minority interests	(4,402)	–	(4,402)
Net identifiable assets and liabilities	252,244	–	252,244
Exchange fluctuation reserve			(6,814)
Goodwill on acquisition			279,820
Consideration			525,250
Consideration, satisfied by			
Convertible notes			150,000
Transfer from investment in a jointly controlled entity			375,250
			525,250
Net cash inflow arising on acquisition			
Cash and cash equivalents acquired			93,811

Note: Pursuant to the sales and purchase agreements for the 44% acquisition of Tianhan Development Limited, 395,000,000 new shares were issued. The fair value of the shares issued for the 44% acquisition of Tianhan Development Limited amounting to approximately HK$375,250,000 was determined using the published closing price at the date of acquisition. The shares were allotted and the relevant registration with the share registrar was completed on 2 May 2007.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2008 (Continued)

(ii) Acquisition of Tianyuan Development Limited

On 25 January 2008, the Group acquired 100% equity interest in Tianyuan Development Limited, a company that directly held 100% equity interest in 中電(福建)電力開發有限公司, from China Power International New Energy Development Limited, a shareholder of the Company, for a consideration of HK$1,230,000,000 satisfied by issue of convertible note. 中電(福建)電力開發有限公司 is the sole and beneficial owner and lawful operator of 福建沙溪口水力發電廠. Other than engaged in the business of generating hydroelectric power, the 福建沙溪口水力發電廠 also hold 33% equity interest in 福建壽寧牛頭山水電有限公司, which has a 100% equity interest in 壽寧牛頭山水電站, 85% equity interest in 壽寧縣牛頭山二級水電有限公司 and 70% equity interest in 壽寧東淨電站. This acquisition has been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Tianyuan Development Limited are summarised below:

	Acquiree's carrying amounts before combination HK$'000	**Fair value adjustments** HK$'000	**Fair values** HK$'000
Fixed assets			
– Other property, plant and equipment	1,242,757	(94,734)	1,148,023
Construction in an progress	258	–	258
Interest in an associate	82,819	–	82,819
Deferred tax assets	817	23,683	24,500
Inventories	474	–	474
Trade and other receivables	47,280	–	47,280
Cash and cash equivalents	57,869	–	57,869
Trade and other payables	(20,375)	–	(20,375)
Net identifiable assets and liabilities	1,411,899	(71,051)	1,340,848
Deemed contribution from a shareholder *(see note below)*			(110,848)
Consideration			1,230,000
Consideration, satisfied by			
Convertible notes			1,230,000
Net cash inflow arising on acquisition			
Cash and cash equivalents acquired			57,869

Note: Tianyuan Development Limited was acquired from a shareholder. The deemed contribution represented the shortfall of the fair value of the consideration below the fair value of the net assets acquired.

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2008 (Continued)

(iii) Acquisition of Tianhong Holding Limited

On 25 January 2008, the Group acquired 100% equity interest in Tianhong Holding Limited, a company that directly held 90% equity interest in 甘肅中電酒泉風力發電有限公司 from China Power International New Energy Development Limited, a shareholder of the Company, for a consideration of HK$250,000,000 satisfied by issue of convertible note. 甘肅中電酒泉風力發電有限公司has a special franchise right to build, own and operate the Gansu power project which is a wind power generation business with a capacity of 100 MW located in Guazhou County, Gansu Province, the PRC. This acquisition has been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Tianhong Holding Limited are summarised below:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Other property, plant and equipment	614,444	–	614,444
– Interest in leasehold land held for own use under operating leases	3,182	–	3,182
Construction in progress	471	–	471
Intangible assets	–	26,078	26,078
Trade and other receivables	93,796	–	93,796
Cash and cash equivalents	4,574	–	4,574
Trade and other payables	(202,019)	–	(202,019)
Bank borrowings	(504,173)	–	(504,173)
Minority interests	(283)	–	(283)
Net identifiable assets and liabilities	9,992	26,078	36,070
Assignment of shareholder's loan			143,563
Goodwill on acquisition			70,367
Consideration			250,000
Consideration, satisfied by			
Convertible notes			250,000
Net cash inflow arising on acquisition			
Cash and cash equivalents acquired			4,574

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2008 (Continued)

(iv) Acquisition of Worldtron Limited

On 1 August 2007, the Group acquired 100% equity interest in Worldtron Limited, a company that indirectly held 40% equity interest in 東莞市科偉環保電力有限公司, which is principally engaged in the operation of a waste incineration power plant in Dongguan, the PRC, from an independent third party for a consideration of HK$158,000,000 satisfied by issue of 60,000,000 ordinary shares and HK$80,000,000 by cash. This acquisition has been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Worldtron Limited are summarised below:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Other property, plant and equipment	199,353	–	199,353
– Interest in leasehold land held for own use under operating leases	38,252	–	38,252
Deferred tax assets	1,058	70,408	71,466
Inventories	2,599	–	2,599
Trade and other receivables	20,159	–	20,159
Cash and cash equivalents	10,659	–	10,659
Trade and other payables	(55,648)	–	(55,648)
Tax payable	(608)	–	(608)
Bank borrowings	(176,020)	–	(176,020)
Minority interests	(81,527)	–	(81,527)
Net identifiable assets and liabilities	(41,723)	70,408	28,685
Assignment of shareholder's loan			25,775
Goodwill on acquisition			103,540
Consideration			158,000
Consideration, satisfied by			
Cash consideration paid			80,000
Equity instrument of the Company (see note below)			78,000
			158,000
Net cash outflow arising on acquisition			
Cash consideration paid			(80,000)
Cash and cash equivalents acquired			10,659
			(69,341)

Note: Pursuant to the sales and purchase agreements for the acquisition of Worldtron Limited, 60,000,000 new shares were issued. The fair value of the shares issued for the acquisition of Worldtron Limited amounting to approximately HK$78,000,000 was determined using the published closing price at the date of acquisition. The shares were allotted and the relevant registration with the share registrar was completed on 1 August 2007,

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

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2008 (Continued)

(v) Acquisition of Skycosmos Investment Limited

On 1 August 2007, the Group acquired 100% equity interest in Skycosmos Investment Limited, a company that indirectly held 40% equity interest in 東莞東城東興熱電有限公司, which is engaged in the operation of a natural gas and oil power generating plant in Dongguan, the PRC, from an independent third party for a consideration of HK$408,400,000 satisfied by issue of 154,000,000 ordinary shares of the Company and HK$208,200,000 by cash. This acquisition has been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Skycosmos Investment Limited are summarised below:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Other property, plant and equipment	914,295	–	914,295
– Interest in leasehold land held for own use under operating leases	16,261	–	16,261
Construction in progress	7,981	–	7,981
Deferred tax assets	6,391	–	6,391
Inventories	82,834	–	82,834
Trade and other receivables	196,823	–	196,823
Cash and cash equivalents	84,277	–	84,277
Trade and other payables	(280,174)	–	(280,174)
Bank and other borrowings	(903,456)	–	(903,456)
Minority interests	(103,427)	–	(103,427)
Net identifiable assets and liabilities	21,805	–	21,805
Assignment of shareholder's loan			47,566
Goodwill on acquisition			339,029
Consideration			408,400
Consideration, satisfied by			
Cash			208,200
Equity instrument of the Company (see note below)			200,200
			408,400
Net cash outflow arising on acquisition			
Cash consideration paid			(208,200)
Cash and cash equivalents acquired			84,277
			(123,923)

Note: Pursuant to the sales and purchase agreements for the acquisition of Skycosmos Investment Limited, 154,000,000 new shares were issued. The fair value of the shares issued for the acquisition of Skycosmos Investment Limited amounting to approximately HK$208,200,000 was determined using the published closing price at the date of acquisition. The shares were allotted and the relevant registration with the share registrar was completed on 1 August 2007.

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

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FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2007

(i) Acquisition of Rich Crown International Industries Limited

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

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

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

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

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2007 (Continued)

(i) Acquisition of Rich Crown International Industries Limited (Continued)

Details of the net assets acquired in respect of the acquisition of Rich Crown International Industries Limited were summarised below:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Investment properties	534,391	(5,250)	529,141
– Other property, plant and equipment	1,908	–	1,908
Interests in an associate	5,810	–	5,810
Inventories	1,016,505	(9,987)	1,006,518
Trade and other receivables	256,268	–	256,268
Cash and cash equivalents	103,273	–	103,273
Trade and other payables	(278,490)	–	(278,490)
Bank and other borrowings	(932,717)	–	(932,717)
Tax payable	(30,185)	–	(30,185)
Deferred tax liabilities	(188,236)	–	(188,236)
Minority interests	(268,139)	–	(268,139)
Share of net identifiable assets and liabilities	220,388	(15,237)	205,151
Minority interests			(100,524)
Goodwill on acquisition			44,873
Consideration			149,500
Consideration, satisfied by:			
Disposal of subsidiaries			86,500
Promissory note			9,000
Cash			54,000
			149,500
Net cash inflow arising on acquisition			
Cash and cash equivalents of the subsidiaries acquired			103,273
Cash consideration paid			(54,000)
			49,273

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2007 (Continued)

(ii) Acquisitions of Tianwo Holdings Limited and Tianwo Development Limited

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

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2007 (Continued)

(ii) Acquisitions of Tianwo Holdings Limited and Tianwo Development Limited (Continued)

Details of the net assets acquired in respect of the acquisitions were as follows:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Other property, plant and equipment	88,171	–	88,171
– Interest in leasehold land held for own use under operating leases	10,974	–	10,974
Construction in progress	7,829	–	7,829
Inventories	8,270	–	8,270
Trade and other receivables	18,549	–	18,549
Cash and cash equivalents	23,666	–	23,666
Trade and other payables	(22,934)	–	(22,934)
Bank and other borrowings	(74,393)	–	(74,393)
Current taxation	(182)	–	(182)
Minority interests	(13,741)	–	(13,741)
Share of net identifiable assets and liabilities	46,209	–	46,209
Goodwill on acquisition			31,791
Consideration			78,000
Consideration, satisfied by:			
Equity instrument of the Company			78,000
Net cash inflow arising on acquisition			
Cash and cash equivalents acquired			23,666

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(a) Business combination (Continued)

For the year ended 30 April 2007 (Continued)

(iii) Others

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

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Deposit on property	20,433	–	20,433
Goodwill on acquisition			8,567
Consideration			29,000
Consideration, satisfied by:			
Cash			29,000
Net cash outflow arising on acquisition			
Cash consideration paid			(29,000)

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

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(b) Acquisition of assets and liabilities through acquisition of subsidiaries

For the year ended 30 April 2008

(i) Acquisition of Silver Portal Holdings Limited

On 16 January 2008, the Group acquired 100% equity interest in Silver Portal Holdings Limited, a company that indirectly held 100% equity interest in 上海龍圖實業發展有限公司, which owns the Lung Tu Property, from an independent third party for a consideration of RMB219,000,000 (approximately HK$225,773,000). This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of Silver Portal Holdings Limited are summarised below:

	HK$'000
Fixed assets	
– Other property, plant and equipment	51
Property under development	241,543
Trade and other receivables	36
Cash and cash equivalents	5,631
Trade and other payables	(87,391)
Net identifiable assets and liabilities	159,870
Assignment of shareholder's loan	65,903
Consideration	225,773
Consideration, satisfied by	
Cash consideration paid	52,578
Investment properties	18,556
100% equity interest in King Vantage Limited and shareholder's loan	154,639
	225,773
Net cash outflow arising on acquisition	
Cash consideration paid	(52,578)
Cash and cash equivalents acquired	5,631
	(46,947)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(b) Acquisition of assets and liabilities through acquisition of subsidiaries (Continued)

For the year ended 30 April 2008 (Continued)

(ii) Acquisition of Apollo New Energy Holdings Limited

On 21 April 2008, the Group acquired 100% equity interest in Apollo New Energy Holdings Limited, a company directly held 100% equity interest in 浙江德清縣佳能垃圾焚燒發電有限公司, which owns a waste incineration power plant in Deqing, the PRC, from an independent third party for a consideration of HK$22,000,000. The power plant has not yet commenced operation up to the balance sheet date. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of Apollo New Energy Holdings Limited are summarised below:

	HK$'000
Fixed assets	
– Other property, plant and equipment	41,559
– Interest in leasehold land held for own use under operating leases	9,606
Inventories	224
Trade and other receivables	489
Cash and cash equivalents	918
Trade and other payables	(36,381)
Net identifiable assets and liabilities	16,415
Assignment of shareholder's loan	5,585
Consideration	22,000
Consideration, satisfied by	
Cash consideration paid	22,000
Net cash outflow arising on acquisition	
Cash consideration paid	(22,000)
Cash and cash equivalents acquired	918
	(21,082)

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(b) Acquisition of assets and liabilities through acquisition of subsidiaries (Continued)

For the year ended 30 April 2008 (Continued)

(iii) Acquisition of China Star International Holdings Limited

On 7 December 2007, the Group acquired 100% equity interest in China Star International Holdings Limited, a company directly held 60% equity interest in 雲南雙星綠色能源有限公司, which was in progress of developing a waste incineration power plant, from independent third parties for a consideration of HK$33,000,000. This transaction has been reflected as a purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of China Star International Holdings Limited are summarised below:

	HK$'000
Fixed assets	
– Other property, plant and equipment	439
– Interest in leasehold land held for own use under operating leases	2,436
Construction in progress	557
Intangible assets	27,904
Trade and other receivables	115,479
Cash and cash equivalents	208
Trade and other payables	(65,556)
Minority interests	(48,467)
Net identifiable assets and liabilities	33,000
Consideration	33,000
Consideration, satisfied by	
Cash consideration paid	33,000
Net cash outflow arising on acquisition	
Cash consideration paid	(33,000)
Cash and cash equivalents acquired	208
	(32,792)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(c) Summary of acquisition of subsidiaries

For the year ended 30 April 2008

Details of the net assets acquired in respect of the acquisition of the above subsidiaries are summarised below:

	HK$'000
Net assets acquired	
Fixed assets *(note 14(a))*	
– Other property, plant and equipment	2,923,809
– Interest in leasehold land held for own use under operating leases	69,737
Construction in progress *(note 15)*	9,315
Property under development *(note 16)*	241,543
Intangible assets *(note 17)*	53,982
Interests in associates	142,798
Deferred tax assets *(note 30(b))*	102,357
Inventories	89,028
Trade and other receivables	606,846
Cash and cash equivalents	257,947
Trade and other payables	(786,062)
Bank and other borrowings	(1,583,649)
Current taxation	(608)
Minority interests	(238,106)
Net identifiable assets and liabilities	1,888,937
Assignment of shareholder's loan	288,392
Deemed contribution from a shareholder	(110,848)
Exchange fluctuation reserve	(6,814)
Goodwill on acquisition *(note 18)*	792,756
	2,852,423
Total purchase consideration satisfied by:	
Cash consideration paid	395,777
Convertible notes *(note 27(d))*	1,630,000
Equity instrument of the Company	
– King Vantage Limited *(note 35(b))*	154,639
– Issue of 609,000,000 ordinary shares *(note 32(c))*	653,450
Investment properties of the Group	18,557
	2,852,423
Net cash outflow arising on acquisition:	
Cash consideration paid	(395,777)
Cash and cash equivalents acquired	257,947
	(137,830)

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(c) Summary of acquisition of subsidiaries (Continued)

For the year ended 30 April 2008 (Continued)

The subsidiaries acquired during the year contributed a profit of approximately HK$1,203,000 to the Group's result.

If the acquisitions had been completed on 1 May 2007, the Group's total revenue for the year would have been HK$1,562,646,000 and profit for the year would have been HK$88,851,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 May 2007, nor is it intended to be a projection of future results.

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(c) Summary of acquisition of subsidiaries (Continued)

For the year ended 30 April 2007

Details of the aggregate net assets acquired in respect of the acquisition of the above subsidiaries are summarised below:

	HK$'000
Net assets acquired	
Fixed assets	
– Other property, plant and equipment *(note 14(a))*	90,079
– Interest in leasehold land held for own use under operating leases	10,974
Construction in progress *(note 15)*	7,829
Investment properties	529,141
Deposit on acquisition of property	20,433
Interests in associates	5,810
Trade and other receivables	274,817
Inventories	1,014,788
Cash and cash equivalent	126,939
Trade and other payables	(301,424)
Tax payable	(30,367)
Bank and other borrowings	(1,007,110)
Deferred tax liabilities	(188,236)
Minority interests	(281,880)
Net identifiable assets and liabilities	271,793
Minority interests	(100,524)
Goodwill on acquisition *(note 18)*	85,231
	256,500
Total purchase consideration satisfied by:	
Cash consideration paid	(83,000)
Equity instruments of the Company	(78,000)
– Issue of 325,000,000 ordinary shares *(note 32(c))*	
Promissory note	(9,000)
Disposal of subsidiaries *(note 35(b))*	(86,500)
	(256,500)
Net cash outflow arising on acquisition:	
Cash consideration paid	(83,000)
Bank balances and cash acquired	126,939
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	43,939

34. ACQUISITION OF SUBSIDIARIES AND ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY (Continued)

(c) Summary of acquisition of subsidiaries (Continued)

For the year ended 30 April 2007 (Continued)

The subsidiaries acquired during the year contributed HK$47,972,000 to the Group's revenue and profit of HK$381,000.

If the acquisitions had been completed on 1 May 2006, total Group's revenue for the year would have been HK$236,625,000, and loss for the year would have been HK$70,908,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 May 2006, nor is it intended to be a projection of future results.

(d) Acquisition of additional equity interest in a subsidiary

For the year ended 30 April 2008

Acquisition of Well Star Group Limited

On 16 April 2008, the Group acquired 100% equity interest in Well Star Group Limited, a company that indirectly held another 40% equity interest in 東莞東城東興熱電有限公司, which is engaged in the operation of a natural gas and oil power generating plant in Dongguan, the PRC, from an independent third party for a consideration of HK$298,000,000 satisfied by cash. As a result of the acquisition, the Group's equity interest in 東莞東城東興熱電有限公司 increased from 40% to 80%. This acquisition has been accounted for by the purchase method of accounting.

Details of the net assets acquired in respect of the acquisition of Well Star Limited are summarised below:

	Acquiree's carrying amounts before combination HK$'000	Fair value adjustments HK$'000	Fair values HK$'000
Fixed assets			
– Other property, plant and equipment	955,231	–	955,231
– Interest in leasehold land held for own use under operating leases	17,079	–	17,079
Construction in progress	8,708	–	8,708
Deferred tax assets	1,624	–	1,624
Inventories	104,091	–	104,091
Trade and other receivables	231,683	–	231,683
Cash and cash equivalents	(324)	–	(324)
Trade and other payables	(145,902)	–	(145,902)
Bank and other borrowings	(915,046)	–	(915,046)
Net identifiable assets and liabilities	257,144	–	257,144
Share of net identifiable assets attributable to the Group's initial interest (40%)			(159,958)
Minority interests			(59,281)
Assignment of shareholder's loan			51,168
Goodwill on acquisition *(note 18)*			208,927
Consideration			298,000
Consideration, satisfied by			
Cash			298,000
Net cash outflow arising on acquisition			
Cash consideration paid			(298,000)
Cash and cash equivalents acquired			(324)
			(298,324)

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

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FOR THE YEAR ENDED 30 APRIL 2008

35. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries

For the year ended 30 April 2008

(i) Disposal of King Vantage Limited

On 16 January 2008, the Group completed the disposal of the entire interest in King Vantage Limited for a consideration of RMB150,000,000 (approximately HK$154,639,000) with an independent third party. The principal asset of King Vantage Limited is its indirect 31% equity interest in 上海谷元房地產開發有限公司, which is engaged in the business of property development. A gain on disposal of HK$24,323,000 arose from this disposal.

Details of the net assets disposed of in respect of the disposal of King Vantage Limited are summarised below:

	HK$'000
Property, plant and equipment	1,745
Investment properties	568,485
Interests in associates	7,489
Inventories	1,619,813
Deferred tax assets	2,704
Goodwill	44,873
Trade and other receivables	38,516
Cash and cash equivalents	19,573
Trade and other payables	(1,226,719)
Tax payable	(16,154)
Bank and other borrowings	(500,262)
Minority interests	(353,376)
Deferred tax liabilities	(206,322)
	365
Assignment of amount due from a subsidiary	149,669
Exchange reserve realised	(19,718)
Gain on disposal of subsidiaries	24,323
Consideration, satisfied by:	
Acquisition of Silver Portal Holdings Limited *(note 34 (b)(i))*	154,639
Net cash outflow arising on disposal	
Cash and cash equivalents disposed	(19,573)

35. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries (Continued)

For the year ended 30 April 2008 (Continued)

(ii) Disposal of Oriental Talent Limited

On 29 April 2008, the Group disposed 100% equity interest in Oriental Talent Limited, a company that directly held 100% equity interest in 上海雅樂諮詢服務有限公司, which is engaged in the business of provision of consultancy service, to an independent third party for a consideration of HK$100,000. A gain on disposal of HK$45,000 arose from this disposal.

Details of the net assets disposed of in respect of the disposal of Oriental Talent Limited are summarised below:

	HK$'000
Cash and cash equivalents	92
Trade and other payables	(2,086)
Current taxation	(5)
	(1,999)
Assignment of amount due from a subsidiary	2,054
Gain on disposal of subsidiaries	45
Consideration	100
Consideration, satisfied by:	
Cash	100
Cash consideration received	100
Cash and cash equivalents disposed	(92)
Net cash inflow arising from disposal	8

For the year ended 30 April 2007

(i) Disposal of State Empire Limited

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

35. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries (Continued)

For the year ended 30 April 2007 (Continued)

(i) Disposal of State Empire Limited (Continued)

Details of the net assets disposed of in respect of the disposal of State Empire Limited are summarised below:

	HK$'000
Property, plant and machinery	7
Investment properties	120,000
Trade and other receivables	59,076
Cash and cash equivalents	2,502
Trade and other payables	(1,996)
Bank and other borrowings	(100,000)
Deferred tax liabilities	(13,920)
	65,669
Assignment of amount due from a subsidiary	42,675
Loss on disposal of subsidiaries	(6,297)
Consideration	102,047
Satisfied by:	
Cash	102,047
Net outflow of cash and cash equivalents in connection with the disposal of subsidiaries:	
Cash consideration	102,047
Repayment of other loan	(50,000)
Repayment of bank loan	(50,000)
Cash and cash equivalents of the subsidiaries disposed of	(2,502)
Net outflow of cash and cash equivalents	(455)

35. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries (Continued)

For the year ended 30 April 2007 (Continued)

(ii) Disposal of Wealth Vantage Limited and Dragon Eagle Investments Limited

Details of the net assets disposed of in respect of the disposal of Wealth Vantage Limited and Dragon Eagle Investments Limited are summarised below:

	HK$'000
Available – for sale financial assets	7,533
Trade and other receivables	30,467
Deposit on acquisition of property under development	32,899
Trade and other payables	(59,557)
	11,342
Assignment of amounts due from subsidiaries	59,551
Gain on disposal of subsidiaries	15,607
Consideration	86,500
Satisfied by:	
Offsetting with consideration of Rich Crown Transactions	86,500
Net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:	
Cash consideration	–
Cash and cash equivalents disposed of	–
Net inflow of cash and cash equivalents	–

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FOR THE YEAR ENDED 30 APRIL 2008

35. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries (Continued)

For the year ended 30 April 2007 (Continued)

(iii) Others

	HK$'000
Trade and other receivables	1,889
Cash and cash equivalents	60
Trade and other payables	(51)
Tax payable	(29)
Minority interests	726
	2,595
Amounts due to subsidiaries written off	(1,790)
Assignment of amounts due from subsidiaries	–
Translation reserve realised	–
Loss on disposal of subsidiaries	(805)
Total consideration	–
Net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:	
Cash consideration	–
Cash and cash equivalents disposed of	(60)
Net inflow of cash and cash equivalents	(60)

35. DISPOSAL OF SUBSIDIARIES

(b) Summary of disposal of subsidiaries

Details of the net assets disposed of in respect of the disposal of subsidiaries are summarised below:

	2008 **HK$'000**	2007 HK$'000
NET ASSETS DISPOSED OF		
Fixed assets		
– Other property, plant and equipment	**1,745**	7
Investment properties	**568,485**	120,000
Investment in associates	**7,489**	–
Property under development for sale	**1,619,813**	–
Deferred tax assets *(Note 30(b))*	**2,704**	–
Goodwill	**44,873**	–
Available-for-sale financial assets	**–**	7,533
Deposit on acquisition of property under development	**–**	32,899
Trade and other receivables	**38,516**	91,432
Cash and cash equivalents	**19,665**	2,562
Trade and other payables	**(1,494,365)**	(61,604)
Current taxation	**(16,159)**	(29)
Bank and other borrowings	**(234,702)**	(100,000)
Deferred tax liabilities *(Note 30(b))*	**(206,322)**	(13,920)
Minority interests	**(353,376)**	726
	(1,634)	79,606
Exchange reserve realised	**(19,718)**	–
Amount due to subsidiaries written off	**–**	(1,790)
Assignment of amounts due from subsidiaries	**151,723**	102,226
Gain on disposal of subsidiaries	**24,368**	8,505
	154,739	188,547
Satisfied by:		
Cash consideration received	**100**	102,047
Acquisition of Silver Portal Holdings Limited *(Note 34(c))*	**154,639**	–
Consideration of the acquisition of Rich Crown International Industries Limited *(Note 34(c))*	**–**	86,500
	154,739	188,547
Net cash outflow arising on disposals:		
Cash received	**100**	102,047
Repayment of other loan	**–**	(50,000)
Repayment of bank loan	**–**	(50,000)
Cash and cash equivalents disposed of	**(19,665)**	(2,562)
	(19,565)	(515)

The subsidiaries disposed of during the current and prior years do not contribute significantly to the Group's results and cash flows.

36. MATERIAL RELATED PARTY TRANSACTIONS

The Group is controlled by China Power New Energy Limited ("CPNEL"), (formerly known as China Power International New Energy Development Limited), a company incorporated in Hong Kong, which owns approximately 28.44% of the Company's shares. The remaining interests are widely held. The directors regard China Power Investment Corporation ("CPI Group"), a company incorporated in the PRC, as being the ultimate holding company.

Related parties refer to entities in which CPI Group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions, or directors or officers of the Company. They include enterprises directly or indirectly owned or controlled by the PRC government ("stat-owned enterprises") as defined under HKAS 24, "Related Party Disclosures" ("HKAS 24"). Neither CPI Group nor the PRC government has published accounts.

Major related parties that had transactions with the Group were as follows:

Related parties	**Relationship with the Company**
CPI Group	Ultimate holding company
China Power International Holding Limited ("CPIH")	An immediate holding company of the substantial shareholder of the Company
CPI Finance Company ("CPIF")	A company controlled by CPI Group
CPNEL	A substantial shareholder of the Company
中電(福建)電力工程有限公司	A fellow subsidiary of the Company
Other related companies	Companies owned by certain individuals who are also employees or operational managers of certain subsidiaries of the Group
Other state-owned enterprises	Related parties of the Company as defined under HKAS 24

The following is a summary of significant related part transactions which, in the opinion of the directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these accounts. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

36. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related companies

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

(i) During the year 2007, Zhongdian Hongze RSTP entered into a construction contract with a related company which is under common control of the management of CPNEL, at a total contract sum of approximately RMB92,000,000 (equivalent to HK$93,334,000) for the construction of power plant and a total payments of approximately RMB23,000,000 (equivalent to HK$23,334,000) were made in accordance with the terms of the contract.

(ii)

Related parties	**Nature of transactions**	**Term and pricing policies**	**2008 HK$'000**	2007 HK$'000
Related companies	Purchases *of bakery and other food products (Note (i))*	*Note (v)*	**644**	905
	Sales *of bakery and other food products (Note (i))*	*Note (v)*	**(4,797)**	(7,721)
	Rental income *(Note (ii))*	*Note (v)*	**(207)**	(4,637)
	Interest expenses *(Note (ii))*	*Note (v)*	**18,003**	4,475
	Disposal of fixed assets, *(Note (ii))*	*Note (v)*	**(266)**	(150)
	Sales of electricity *(Note (iii))*	*Note (iv)*	**(921,168)**	(47,972)
	Repair and maintenance *(Note (i))*	*Note (v)*	**1,859**	–
	Service fee (Note (iii))	*Note (v)*	**1,972**	–

Notes:

(i) subsidiaries of a minority shareholder of a subsidiary

(ii) director of certain PRC subsidiaries of the Company has beneficial interests in the companies

(iii) a fellow subsidiary of the Company.

(iv) Pursuant to the power purchase agreements entered into between the Group and the respective regional and the provincial power grid companies, which are regarded as state-owned enterprises, the Group is required to sell its generated electric power to those power grid companies at approved tariff rates. Whilst these companies are related parties of the Group as defined under HKAS 24, the directors are of thee opinion that each party is operation independently, and the tariff rates are to be agreed with the respective power grid companies, subject to the approval of the approval of the relevant government authorities.

(v) agreed by parties concerned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

36. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Financing arrangements

	Amounts owed to related parties		Amounts owed by related parties		Related interest expenses	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Loan from a related company *(note i)*	**312,760**	20,290	**–**	–	**18,003**	4,475
Account receivable from regional and provincial power grid companies	**159,051**	11,159	**–**	–	**–**	–
Amount due from related companies *(note iii)*	**54,276**	64,609	**–**	–	**–**	–
Amount due to related companies *(note iii)*	**–**	–	**137,461**	3,903	**–**	–
Amount due from minority shareholders of subsidiaries *(note ii)*	**47,133**	–	**–**	–	**–**	–
Amount due to minority shareholders of subsidiaries *(note ii)*	**–**	–	**35,679**	46,827	**–**	–

Notes:

(i) Details of terms and conditions of the loans from a related company are disclosed in note 27.

(ii) Details of the terms and conditions of the amount due from/to minority shareholders of subsidiaries are disclosed in note 24 and 28 respectively.

(iii) Details of the terms and conditions of the amount due with related parties are disclosed in note 23 and 29.

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10 is as follows:

	2008	2007
	HK$'000	HK$'000
Short-term employee benefits	**7,449**	7,043
Post-employment benefits	**48**	71
Equity compensation benefits	**6,850**	8,755
	14,347	15,869

Total remuneration is included in "staff costs" (see note 6(b)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

37. COMMITMENTS

(a) Capital commitments outstanding at 30 April 2008 not provided for in the financial statements were as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted for				
– Acquisition of fixed assets	**63,038**	159,149	**–**	317
– Capital contribution to an associate registered in PRC	**61,658**	–	**–**	–
– Construction of property under development	**85,536**	–	**–**	–
	210,232	159,149	**–**	317

(b) At 30 April 2008, the total future minimum lease payments under non-cancellable operating leases are repayable as follows:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**8,846**	19,599	**1,937**	1,727
In the second to fifth year, inclusive	**10,398**	15,200	**888**	2,854
After five years	**2,700**	569	**–**	–
	21,944	35,368	**2,825**	4,581

38. FINANCIAL GUARANTEE

During the year 2008, the Group had given a corporate guarantee to the landlord of a subsidiary of the Group for securing punctual payment of all necessary rental and other sum by the subsidiary under the tenancy agreement. At 30 April 2008, the maximum liability of the Group under the guarantee issued represents the outstanding commitment for the remaining lease period (i.e. HK$4,060,000). No recognition was made because the fair value of the guarantee was insignificant and that the directors did not consider it is probable that a claim would be made against the Company under the guarantee.

39. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 14 July 2008, WSL and CLSA Limited entered into a conditional placing agreement pursuant to which (a) CLSA Limited agreed to place, on a best effort basis, up to 300,000,000 shares of HK$0.10 each in the capital of the Company that WSL owns to placees who are independent of the Company and its connected persons at a price range of HK$0.89 to HK$0.95 per share; and (b) WSL has agreed to grant CLSA Limited, exercisable at the sole discretion of CLSA Limited, an option to require WSL to sell up to an additional 100,000,000 Shares that WSL owns, at a price range of HK$0.89 to HK$0.95 per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

39. EVENTS AFTER THE BALANCE SHEET DATE (Continued)

(b) On 12 August 2008, an indirectly wholly-owned subsidiary of the Company, Oriental Talent Limited, entered into a sale and purchase and shareholder's loan agreement with an independent third party in respect of the disposal of the 100% equity interest in Fame Basic Limited, which is a wholly owned subsidiary of Oriental Talent Limited at a consideration of HK$29,000,000.

(c) On 13 August 2008, an indirectly wholly-owned subsidiary of the Company, China Power International New Energy Holding Limited, together with Chuang Guan Huan Huan Bao (International) Company Limited ("創冠環保(國際)有限公司") (collectively the "Parties") entered into an agreement with Hai Kou City Environmental Hygiene Management Bureau ("海口市環境衛生管理局") (the "Bureau") pursuant to which the Bureau granted the Parties the right to invest, construct, operate and maintain a waste incineration plant in Haikou City, Hainan Island, the PRC for a period of 27 years from the date of the Agreement.

40. PARENT AND ULTIMATE HOLDING COMPANY

At 30 April 2008, the directors consider the parent and ultimate controlling party of the Group to be China Power New Energy Limited and China Power Investments Corporation ("CPL Group") Limited, which are incorporated in Hong Kong and PRC respectively and have not produced financial statements available for public use.

41. COMPARATIVE FIGURES

As a result of adopting HKFRS 7, "*Financial instruments: Disclosures*", and the amendments to HKAS 1, "*Presentation of financial statements: Capital disclosures*", certain comparative figures have been adjusted to conform to changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2008. Further details of these developments are disclosed in note 3.

In addition, certain comparative figures have been restated or reclassified to conform with the current years presentation.

42. ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group make estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom, equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities are described below.

(a) Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment. The Group will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

42. ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(b) Other property, plant and equipment

The Group has temporarily used a vacant premise as staff quarter but has decided not to treat this property as other property, plant and equipment, because it is not the Group's intention to held this property in the long-term for generating future economic benefits, but for capital appreciation in value, Accordingly, this property is classified under investment property.

(c) Investment properties

The fair values of investment properties are determined by independent valuers on an open market basis. In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(d) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 April 2008, the carrying amount of goodwill is HK$1,042,041,000 (net of accumulated impairment loss of HK$ Nil). Details of the recoverable amount calculation are disclosed in Note 18.

(e) Valuation of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of the estimated selling price less the estimated costs necessary to make the sale. The directors estimate the net realisable value for raw materials and work-in-progress based primarily on the latest invoice prices and current market conditions. In addition, the directors perform an inventory review on a product-by-product basis regularly and assess the need for write down of inventories.

(f) Allowance for impairment of doubtful debts

Allowance for impairment of doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the creditworthiness and past collection history of each individual customer. Any increase or decrease in the allowance for impairment of doubtful debts would affect profit or loss in future years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

42. ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(g) Taxation

The Group is subject to various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that are initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 APRIL 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, HKFRS 8, "*Operating Segments*", which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosure in the consolidated financial statements.

FINANCIAL SUMMARY

RESULTS

	Year ended 30 April				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TURNOVER	**951,960**	121,492	37,254	39,609	1,514
PROFIT/(LOSS) BEFORE TAXATION	**73,579**	(61,508)	(24,754)	16,543	(21,497)
INCOME TAX	**(30,884)**	(10,314)	999	(5,001)	(70)
PROFIT/(LOSS) FOR THE YEAR	**42,695**	(71,822)	(23,755)	11,542	(21,567)
ATTRIBUTABLE TO:					
EQUITY SHAREHOLDERS OF THE COMPANY	**6,931**	(38,160)	(24,885)	21,231	(21,567)
MINORITY INTERESTS	**35,764**	(33,662)	1,130	(9,689)	–
EARNING/(LOSS) PER SHARE (HK CENTS)	**0.13**	(1.40)	(1.10)	1.10	(1.12)

FINANCIAL SUMMARY

ASSETS, LIABILITIES AND MINORITY INTERESTS

	Year ended 30 April				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS	**4,938,858**	790,360	176,730	227,043	83,875
CURRENT ASSETS	**2,117,119**	1,598,501	105,353	21,459	11,105
TOTAL ASSETS	**7,055,977**	2,388,861	282,083	248,502	94,980
CURRENT LIABILITIES	**(1,333,792)**	(1,252,073)	(139,955)	(137,944)	(2,619)
NON-CURRENT LIABILITIES	**(1,068,388)**	(466,048)	(13,660)	(15,935)	(65)
NET ASSETS	**4,653,797**	670,740	128,468	94,623	92,296
MINORITY INTERESTS	**221,411**	349,114	(17,774)	(18,904)	–