China Power New Energy Development Company Limited

中國電力新能源發展有限公司*

Incorporated in Bermuda with limited liability

Stock Code: 0735

ANNUAL REPORT 2009

*For identification purpose only

Corporate Structure

About CPNE

CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED IS COMMITTED TO THE DEVELOPMENT OF ENVIRONMENTALLY FRIENDLY ENERGY PROJECTS.

- Wind Power
- Hydro-electric Power
- Waste-to-energy Power
- Natural Gas Power
- Others

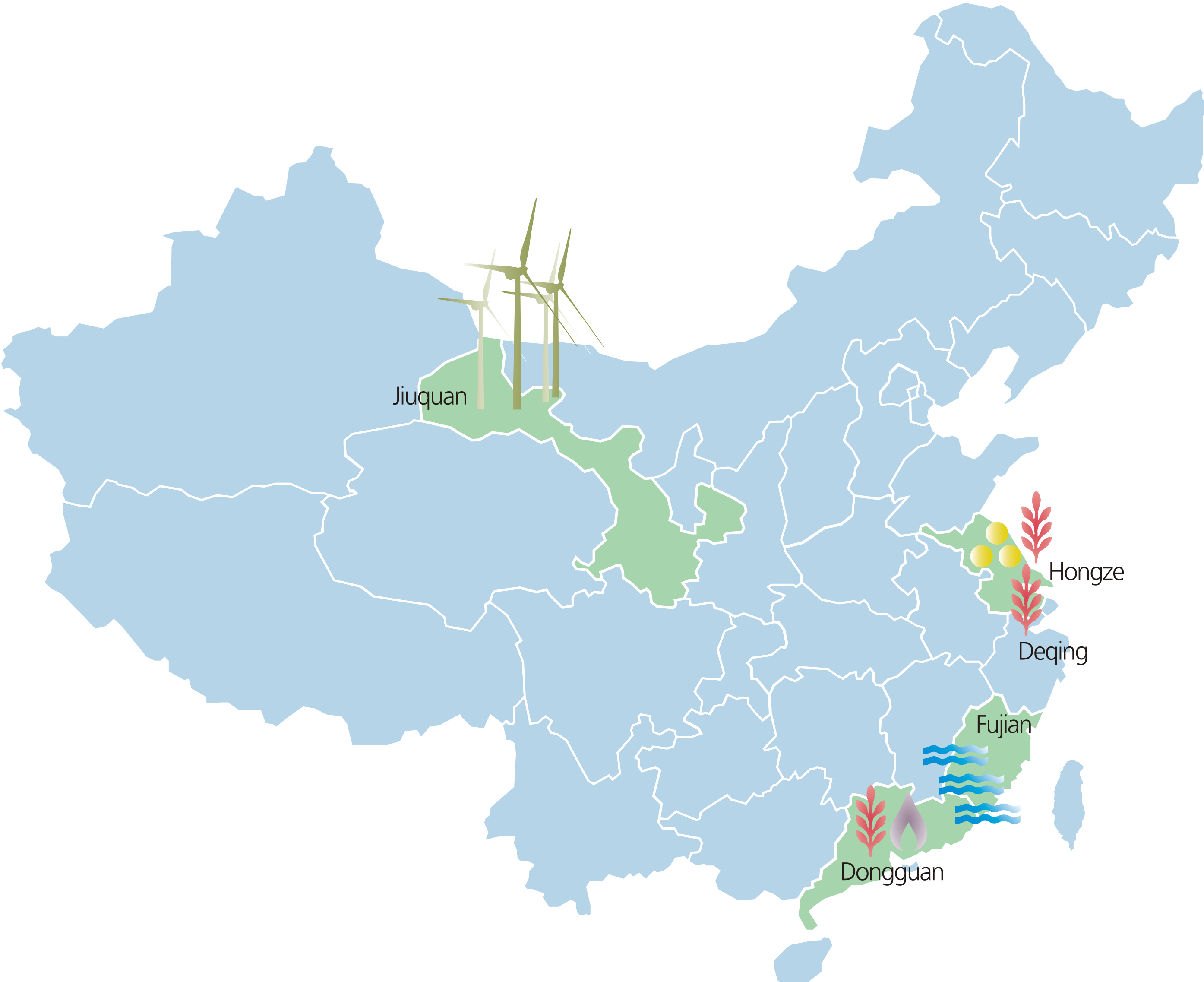
Contents

Corporate Information

Chairman of the Board:	Ms. Li Xiaolin
Chief Executive Officer:	Mr. Liu Genyu (re-designated from Chief Operating Officer on 10 June 2009)
Executive Directors:	Ms. Li Xiaolin Mr. Zhao Xinyan Mr. Wang Hao Mr. Liu Genyu Mr. Hong Zhao (appointed on 20 January 2010) Mr. Clive William Oxley *OBE, ED* (resigned on 28 February 2010)
Non-executive Director:	Mr. Cheng Chi
Independent Non-executive Directors:	Mr. Chu Kar Wing Dr. Chow King Wai Mr. Wong Kwok Tai
Audit Committee:	Mr. Chu Kar Wing *(Chairman)* Dr. Chow King Wai Mr. Wong Kwok Tai
Remuneration Committee:	Mr. Chu Kar Wing *(Chairman)* Dr. Chow King Wai Mr. Wong Kwok Tai
Company Secretary:	Mr. Fung Chun Nam (appointed on 25 March 2010)
Auditor:	PricewaterhouseCoopers *(Certified Public Accountants)* 22/F., Prince's Building, Central, Hong Kong
Registered Office:	Clarendon House 2 Church Street, Hamilton HM 11, Bermuda
Head Office and Principal Place of Business in Hong Kong:	Rooms 3801-05, 38/F., China Resources Building, 26 Harbour Road, Wanchai, 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 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong
Principal Banker:	The Standard Chartered Bank Limited
Company Website:	www.cpne.com.hk
Stock Code:	735

Distribution of Projects



WELL-ESTABLISHED PLATFORMS WITH VARIOUS RENEWABLE PROJECTS

Nature of Business	Company Name	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Wind power generation	Gansu China Power Jiuquan Wind Power Company Limited	100.5	90	90.45
Wind power generation	Gansu China Power Jiuquan Second Wind Power Company Limited	49.5	100	49.50
Hydro-electric power generation	CPI (Fujian) Power Development Limited	300.0	100	300.00
Hydro-electric power generation	Fujian Shou Ning Niu Tou Shan Hydro Power Company Limited	122.2	52	61.59
Hydro-electric power generation	Zhangping Huakou Hydro Power Company Limited	36.6	51	18.67
Biomass power generation	Zhongdian Hongze Reproductive Substance Thermal Power Company Limited	15.0	100	15.00
Waste-to-energy power generation	Dongguan City Kewei Environmental Power Company Limited	36.0	40	14.40
Waste-to-energy power generation	Zhejiang Deqing County Jialun Waste Incineration Power Generation Company Limited	6.0	100	6.00
Natural gas and oil power generation	Dongguan China Power New Energy Heat and Power Company Limited	360.0	80	288.00
Coal-fired power generation	Zhongdian Hongze Thermal Power Company Limited	30.0	60	18.00
Total		**1,055.8**		**861.61**

Shanghai Dong Hai Sea Wind Power Plant

Phase 1 of the Gansu Wind Power Project

Dongguan China Power New Energy Heat and Power Plant

Fujian Shaxikou Hydro-electric Power Plant

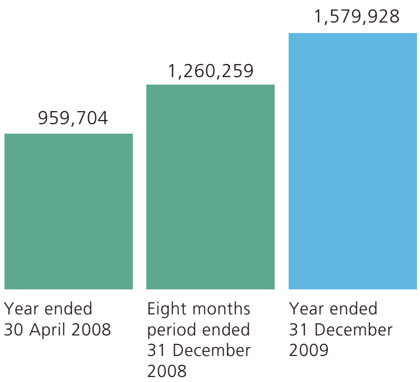
Dongguan Waste Incineration Power Plant

Zhongdian Hongze Reproductive Substance Thermal Power Plant

Financial Highlights

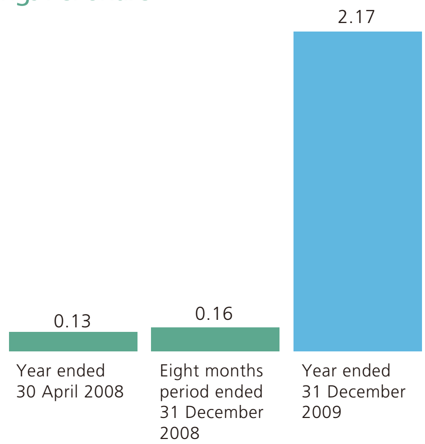
Revenue and Tariff Adjustment

HK$'000



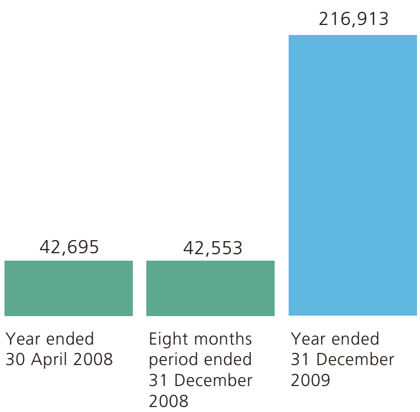
Basic Earnings Per Share

HK cents



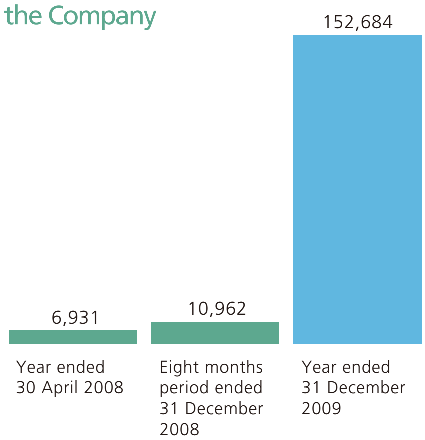
Profit for the Year/Period

HK$'000

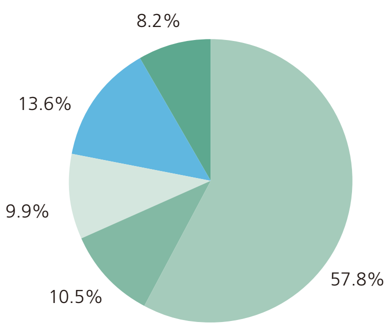


Profit Attributable to Equity Holders of the Company

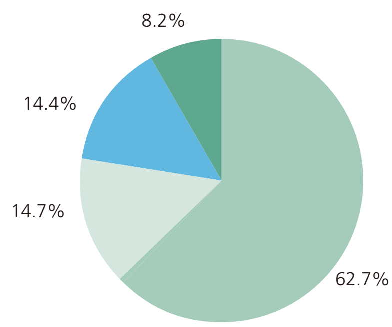
HK$'000



Revenue and Tariff Adjustment by Business Segments



For the year ended 31 December 2009



For the eight months ended 31 December 2008

- Wind Power generation and related business
- Hydro-electric Power generation business
- Waste-to-energy power generation busines
- Natural gas and oil power generation business
- Other power generation business

Letter to Shareholders

ON BEHALF OF THE BOARD OF DIRECTORS (THE "BOARD") OF CHINA POWER NEW ENERGY DEVELOPMENT COMPANY LIMITED (THE "COMPANY" or "CPNE"), I AM PLEASED TO PRESENT THE FINANCIAL RESULTS OF THE COMPANY AND ITS SUBSIDIARIES (TOGETHER, THE "GROUP") FOR THE YEAR ENDED 31 DECEMBER 2009.

Dear Shareholders,

Being one of the pioneers in developing clean energy in the People's Republic of China (the "PRC"), the Group has projects in wind power, hydro-electric power, waste-to-energy power, natural gas power and other power generations with a total installed capacity of 1,055.8MW as at the end of 2009. The operations of these projects have not only broadened various channels of revenue, but also diversified investment risks as well as setting a solid foundation for the Group's future development.

Affected by the financial tsunami, in early 2009, demand for electricity fell dramatically nationwide with noticeable decreases in the volumes of electricity generation and heat supply, despite the basic operating conditions of our clean energy projects. Given such ferocious conditions, the management worked in unison with each operating unit of the Company by sharing and shouldering responsibilities in driving up sales and marketing of the electricity with full efforts, coordinating with various local governments and grid companies proactively, hastening paces of development and turning such adverse situation around gradually, as we achieved good operating results in 2009.

For the year ended 31 December 2009, the Group recorded revenue and tariff adjustment of approximately HK$1,579,928,000 (for the eight months ended 31 December 2008: HK$1,260,259,000), which was primarily attributed to the increase in volume of electricity sold. The Group's profit for the year was HK$216,913,000 (for the eight months ended 31 December 2008: HK$42,553,000) and profit attributable to equity holders of the Company amounted to approximately HK$152,684,000 (for the eight months ended 31 December 2008: HK$10,962,000).

In response to the PRC Government's emphasis to develop renewable energy, the Group has formulated appropriate plans, such as in-depth learning and practice of scientific development and promoting the optimisation and coverage of asset structure, in order to drive a stable and faster development for the Group.

The development strategy of the Group is to leverage on medium-to-small hydro-electric power generation, by developing generation of wind power devotedly, waste-to-energy power selectively, and natural gas power regionally, and initiation into solar power, tidal power and other renewable energy proactively.

Our concept of development is to align with the "Still Waters Run Deep" culture as guidance, in line with state policy and industry clustering, and by taking in land advantages, hastening development, expanding scale, contributing green energy, canvassing preferential policies and lowering development costs. We will endeavour such moves to continually structure and extend our new energy industry chain to consolidate our development advantages, promote project development, perfect preliminary stages of project development and mergers and acquisition, and approval of project construction and management of operating projects. 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 sky to our children".

Whilst in an overdrive to develop, we would also consolidate our production capacity by regulating safety production management, which regulatory standards must be practically upgraded through continual construction of standardised processes and systems, and safety production checks as well as seminars for exchanges of production and operation technology. In order to be completely free from any accidents of safety concerns, the project companies will undertake control and management over all aspects of their engineering and construction. Construction costs could also be minimised by means of strict tendering and bidding management.

In addition, the Group will continue to optimise its internal management and enhance corporate governance. To address demands for human resources and capitalise on individual staff's potentials, the Group will optimise placements of system staff and provide good training. Furthering the optimisation of the board structure, Mr. Hong Zhao was appointed an executive director of the Company in January 2010.

Having participated in the "Glamorous Green Exhibition" held in Copenhagen in December 2009, the Group managed to elevate its influence on the global renewable energy sector by exhibiting fully our efforts and achievements made in respect of renewable energy developments, energy and environmental savings, environmental protection and responses to global climate changes at the exhibition.

I would like to thank our staff for their efforts and dedication upon which the Group's steady growth is based, and to encourage them to face future uncertainties with confidence and to acquire the ability to manage changes and create a favourable environment for the future. 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 all.

Li Xiaolin
Chairman of the Board

25 March 2010

BUSINESS REVIEW

The existing principal activities of the Group are the development, construction, ownership, operation and management of clean energy power plants in the PRC, including but not limited to the following types of energy generation — wind power generation, hydro-power generation, waste-to-energy power generation, natural gas and oil power generation and other power generation. The power generation plants currently owned and controlled by the Group are mainly situated in Guangdong, Fujian and Gansu, and the electricity generated by these plants is sold to Southern Power Grid, East China Power Grid and Northwest Power Grid. The Group is also engaged in investment holding in the clean energy power industry, the sale of clean energy power generating equipment and property investments.

Business Review for the Year Ended 31 December 2009

For the year ended 31 December 2009, the Group recorded revenue and tariff adjustment of approximately HK$1,579,928,000 (for the eight months ended 31 December 2008: HK$1,260,259,000). The increase was primarily attributed to the increase in volume of electricity sold.

For the year ended 31 December 2009, the Group's fuel costs amounted to approximately HK$775,544,000 (for the eight months ended 31 December 2008: HK$714,062,000), finance costs (mainly comprised interest expenses on borrowings in respect of the operation of new energy power projects) amounted to approximately HK$105,719,000 (for the eight months ended 31 December 2008: HK$88,052,000), and fair value gain of financial assets at fair value through profit or loss amounted to approximately HK$10,721,000 (for the eight months ended 31 December 2008: loss of HK$65,814,000). The Group's profit for the year was HK$216,913,000 (for the eight months ended 31 December 2008: HK$42,553,000) and profit attributable to equity holders of the Company amounted to approximately HK$152,684,000 (for the eight months ended 31 December 2008: HK$10,962,000). Basic earnings per share was HK2.17 cents (for the eight months ended 31 December 2008: HK0.16 cents).

Business Environment

As one of the world's largest key nations in energy generation and consumption, the PRC has been focusing on enhancing its capability to provide stable energy supply in recent years while making significant efforts to improve its energy structure and introduce policies related to new energy, with a strong emphasis on the development of new energy and renewable energy.

In November 2009, the PRC Government announced its targets in respect of the control of discharge of greenhouse gases by 2020, when carbon dioxide discharges in terms of the PRC gross domestic product against that of 2005 will be lowered by 40% to 45% and incorporated into the medium to long-term planning of state economic and social development as its self-restraint indicators. At the same time, the PRC, in line with its state of the nation address, has taken another huge effort in responding to the global climate change by taking initiatives to use non-fossil energy to approximately 15% of its one-off energy consumption by 2020.

In July 2009, the National Development and Reform Commission (國家發展和改革委員會) promulgated the "Notice on Rectifications to the Wind Power Generation Grid Rate Policy" (《關於完善風力發電上網電價政策的通知》) followed by the "National Wind Power Generation Pole Grid Rate Schedule" (《全國風力發電標杆上網電價表》), in a bid to regulate wind power tariff, encourage the development of high-quality resources and inhibit the development of poor quality ones.

In view of the sound policy platform, the Group is proactively perfecting the preliminary work for new projects so as to lay a solid foundation for future development.

As at 31 December 2009, the Group owned the following power plants held by its subsidiaries and jointly controlled entities:

Project	Company Name	Nature of Business	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
1	Gansu China Power Jiuquan Wind Power Company Limited (甘肅中電酒泉風力發電有限公司)	Wind power generation	100.5	90	90.45
2	Gansu China Power Jiuquan Second Wind Power Company Limited (甘肅中電酒泉第二風力發電有限公司)	Wind power generation	49.5	100	49.50
3	CPI (Fujian) Power Development Limited (中電(福建)電力開發有限公司)	Hydro-electric power generation	300.0	100	300.00
4	Fujian Shou Ning Niu Tou Shan Hydro Power Company Limited (福建壽寧牛頭山水電有限公司)	Hydro-electric power generation	122.2	52	61.59
5	Zhangping Huakou Hydro Power Company Limited (漳平市華口水電有限公司)	Hydro-electric power generation	36.6	51	18.67
6	Zhongdian Hongze Reproductive Substance Thermal Power Company Limited (中電(洪澤)生物質熱電有限公司)	Biomass power generation	15.0	100	15.00
7	Dongguan City Kewei Environmental Power Company Limited (東莞市科偉環保電力有限公司)	Waste-to-energy power generation	36.0	40	14.40
8	Zhejiang Deqing County Jialun Waste Incineration Power Generation Company Limited (浙江德清縣佳能垃圾焚燒發電有限公司)	Waste-to-energy power generation	6.0	100	6.00
9	Dongguan China Power New Energy Heat and Power Company Limited (東莞中電新能源熱電有限公司)	Natural gas and oil power generation	360.0	80	288.00
10	Zhongdian Hongze Thermal Power Company Limited (中電(洪澤)熱電有限公司)	Coal-fired power generation	30.0	60	18.00
	Total		1,055.8		861.61

The above power plants have a total installed capacity of 1,055.8MW, of which the installed capacity attributable to the Group is 861.61MW.

Wind Power Generation Projects

Phase I of the Gansu Wind Power Project (甘肅風電發電項目一期)

Taking into account the 10% equity interest in Phase I of the Gansu Wind Power Project acquired from Gansu Hui Neng New Energy Technical Development Company Limited (甘肅匯能新能源技術發展有限責任公司) in March 2010 and the 90% equity interest already held by the Group, the Company has a 100% ownership in this project. Please refer to the Company's announcement dated 4 March 2010 for further details.

Phase I of the Gansu Wind Power Project has 134 wind turbines each with an output of 0.75MW, which came into operation in November 2007 and are operating smoothly.

The following table sets out the key operational statistics of Phase I of the Gansu Wind Power Project for 2009:

Installed capacity (MW)	100.5
Average tariff (RMB/kWh)	0.462
Latest tariff (RMB/kWh)	0.462
Average utilisation hours (hours)	1,543
Gross generation (MWh)	155,100
Net generation (MWh)	149,522

Phase II of the Gansu Wind Power Project (甘肅風電發電項目二期)

Phase II of the Gansu Wind Power Project has 66 wind turbines, each with an output of 0.75MW and a total installed capacity of 49.5MW, and are operating smoothly.

The following table sets out the key operational statistics of Phase II of the Gansu Power Project for 2009:

Installed capacity (MW)	49.5
Average tariff (RMB/kWh)	0.540
Latest tariff (RMB/kWh)	0.540
Average utilisation hours (hours)	2,208
Gross generation (MWh)	109,281
Net generation (MWh)	106,016

Gansu Beida Bridge No. 5 Wind Power Project (甘肅北大橋第五風電場項目) and Gansu Qiaowan Sannan Wind Power Project (甘肅橋灣三南風電場項目)

In May 2008, the Group obtained approval from the Development and Reform Commission of Gansu Province (*甘肅省發展改革委員會*) to construct two wind power projects:

- Gansu Beida Bridge No. 5 Wind Farm (developed by the Group as sole investor) with an installed capacity of 200MW; and

- Gansu Qiaowan Sannan Wind Farm with an installed capacity of 100MW.

The above two projects, which have been included in the initial list of projects under the plan for a 10,000MW class wind power base in Jiuquan of PRC, are under construction.

Shanghai Dong Hai Sea Wind Power Plant (上海東海海風發電廠)

The Group holds a 24% equity interest in Shanghai Dong Hai Wind Power Electric Generating Company Limited (上海東海風力發電有限公司), and has obtained approval to construct, own and operate a sea wind electricity generation plant near Dong Hai Bridge, Shanghai, the PRC, comprising 34 wind turbines each with an output of 3MW and a total installed capacity of 102MW. Construction of the project has fully commenced. Installation of the wind turbines was completed in the first half of March 2010 and the turbines are currently undergoing testing.

Heilongjiang Hongqi Wind Power Project and Hailang Wind Power Project (黑龍江紅旗風電項目及海浪風電項目)

In October 2008, the Group obtained approval from the Development and Reform Commission of Heilongjiang Province (黑龍江省發展和改革委員會) to construct and operate the Hongqi Wind Power Plant and the Hailang Wind Power Plant (developed by the Group as sole investor) in Hailin County, Mudanjiang City, Heilongjiang Province.

The Hongqi Wind Power Plant will have 33 wind turbines each with an output of 1.5MW and a total capacity of 49.5MW.

The Hailang Wind Power Plant will have 40 wind turbines each with an output of 1.25MW and a total capacity of 50MW.

Shanghai Chongming Island Wind Power Project (上海崇明島風電項目)

In December 2009, the Group, Shanghai Green Environmental Protection Energy Company Limited (上海綠色環保能源有限公司) ("Shanghai Green"), and CLP Power China (Chongming) Limited (中電中國崇明有限公司) ("CLP Chongming") entered into a joint venture agreement, pursuant to which a shanghai joint venture ("Shanghai Joint Venture") will be established in Shanghai, the PRC, for the purposes (inter alia) of construction and operation of a wind power project (the "Project"), located at the north-eastern part of Chongming Island, Shanghai, the PRC, which will install 24 wind turbines, each with an output of 2MW and a total installed capacity of 48MW.

The equity interests in the Shanghai Joint Venture will be held as to 51% by Shanghai Green, 29% by CLP Chongming and 20% by the Group, respectively. The proposed term of operation of the Shanghai Joint Venture will be for a period of 21 years from the date of the issue of the Shanghai Joint Venture's business licence.

The proposed core businesses of the Shanghai Joint Venture will be the development, survey, design and construction of new energy; assembly, testing and maintenance of wind turbines; generation and sale of power; and related technological consultation.

Upon its establishment, the Shanghai Joint Venture will first be engaged in the Project and the sale of power to Shanghai Municipal Electric Power Company (上海市電力公司), subject to the approval of Shanghai Municipal Development and Reform Commission (上海市發展和改革委員會).

Hydro-electric Power Generation Projects

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

The Shaxikou Plant is located on a tributary of the Minjiang River in Nanping City, Fujian Province, the PRC. This power plant has 4 hydro-electric power generating units each with a unit capacity of 75MW and a total installed capacity of 300MW.

Affected by significant decreases in precipitation throughout 2009, the operating efficiency generated by the Shaxikou Plant was adversely affected. In view of this, certain measures, such as saving water, reducing consumption and tightening costs to offset the impact were implemented by the Shaxikou Plant.

In the fourth quarter of 2009, the Shaxikou Plant was successful in its application to raise its on-grid tariff by RMB0.03/kWh and the latest tariff is RMB0.21/kWh.

The following table sets out key operational statistics of the Shaxikou Plant for 2009:

Installed capacity (MW)	300.0
Average tariff (RMB/kWh)	0.180
Latest tariff (RMB/kWh)	0.210
Average utilisation hours (hours)	2,471
Gross generation (MWh)	741,317
Net generation (MWh)	727,358

The Group's jointly controlled entity, Fujian Shou Ning Niu Tou Shan Hydro Power Company Limited (福建壽寧牛頭山水電有限公司), holds 100%, 85% and 79% equity interests in Shou Ning Niu Tou Shan Hydro Power Station (壽寧牛頭山水電站), Shou Ning County Niu Tou Shan Secondary Hydro Power Company Limited (壽寧縣牛頭山二級水電有限公司), and Shou Ning Dong Qi Hydro Power Company Limited (壽寧東溪水電有限公司) respectively, with installed capacities of 100MW, 15MW and 7.2MW respectively.

The following table sets out key operational statistics of the Niu Tou Shan Power Stations (牛頭山發電廠) for 2009:

Installed capacity (MW)	122.2
Average tariff (RMB/kWh)	0.339
Latest tariff (RMB/kWh)	0.339
Average utilisation hours (hours)	2,295
Gross generation (MWh)	279,958
Net generation (MWh)	270,581

The Group has a 51% equity interest in Zhangping Huakou Hydro Power Company Limited (漳平市華口水電有限公司) ("Huakou"). Huakou owns Huakou Hydro Power Station (華口水電站), which is located in the river of Jiu Long Jiang Bei Xi, Zhangping City (漳平市九龍江北溪) with a total installed capacity of 36.6MW. The project is under construction.

Waste-to-energy Power Generation Project

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

Dongguan Waste Incineration Power Plant utilises wastes from towns including Hengli Town of Dongguan City (東莞市橫瀝鎮) to mix with coal to generate electricity. The plant occupies a site area of over 120,000 square metres with a daily waste treatment capacity of 1,200 tons and a total installed capacity of 36MW. The waste treatment fee, which is paid by the local government, has been increased to RMB89 per ton effective from January 2009.

The following table sets out key operational statistics of Dongguan WTE for 2009:

Installed capacity (MW)	36.0
Average tariff (RMB/kWh)	0.580
Latest tariff (RMB/kWh)	0.580
Average utilisation hours (hours)	6,417
Gross generation (MWh)	231,026
Net generation (MWh)	189,730

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

The Group owns a waste incineration power plant in Deqing, Zhejiang Province, the PRC. The plant has 2 sets of circulating fluidised bed boilers, each with a daily waste treatment capacity of 400 tons, and equipped with a steam turbine unit of 6MW capacity, which commenced commercial operation in July 2009.

The following table sets out key operational statistics of Deqing Waste Incineration Power Plant for 2009:

Installed capacity (MW)	6.0
Average tariff (RMB/kWh)	0.525
Latest tariff (RMB/kWh)	0.525
Average utilisation hours (hours)	3,650
Gross generation (MWh)	21,898
Net generation (MWh)	16,773

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

Taking into account the 40% equity interest in Kunming Waste Incineration Power Plant acquired from Dongguan Xiecheng Power Equipment Company Limited (東莞市協誠電力設備有限公司) in March 2010 and the 60% equity interest already held, the Group has a 100% ownership in this project. Please refer to the Company's announcement dated 5 March 2010 for further details.

The Group's waste incineration power plant in Kunming, Yunnan, the PRC has 4 sets of circulating fluidised bed boilers, each with a daily waste treatment capacity of 550 tons, and is equipped with 2 steam turbine units each of 15MW capacity. The project is under trial operation.

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

In August 2008, the Group and an independent third party (the "Third Party", collectively with the Group, the "Parties"), made a successful bid for the Build-Own-Transfer agreement (the "Agreement") with Haikou City Environmental Hygiene Management Bureau (海口市環境衛生管理局) (the "Bureau") whereby the Bureau granted to 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.

It is planned that 2 sets of grate boilers each with a daily waste treatment capacity of 600 tons will be installed, and the plant will be equipped with 2 steam turbine units each of 12MW for the Hainan Project.

Biomass Power Project

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

Zhongdian Hongze Reproductive Substance Thermal Power Plant, which is located in Hongze County, Jiangsu Province, the PRC, and occupying a site area of approximately 7,500 square metres, is wholly-owned by the Group. This plant has one boiler with a biomass processing capacity of 75 tons per hour and is equipped with a 15MW steam turbine unit.

The following table sets out key operational statistics of the Zhongdian Hongze Reproductive Substance Thermal Power Plant for 2009:

Installed capacity (MW)	15.0
Average tariff (RMB/kWh)	0.746
Latest tariff (RMB/kWh)	0.746
Average utilisation hours (hours)	6,329
Gross generation (MWh)	94,940
Net generation (MWh)	88,220

Natural Gas Power Generation Project

Dongguan China Power New Energy Heat and Power Plant (東莞中電新能源熱電廠) ("Dongguan Heat and Power")

The Group has an 80% equity interest in Dongguan Heat and Power, which is located in the Dong Cheng Economic Development Zone of Dongguan City, Guangdong, a district accounting for a substantial portion of Dongguan's electricity consumption. The electricity generated by this power plant is transmitted to the grid of the Dongguan City Electricity Supply Bureau for supplying electricity and heat to nearby industrial and commercial users. This plant has power generating units with a capacity of 360MW.

The following table sets out key operational statistics of Dongguan Heat and Power for 2009:

Installed capacity (MW)	360.0
Average tariff (RMB/kWh)	0.870
In which: approved on-grid tariff (RMB/kWh)	0.620
Average utilisation hours (hours)	3,048
Gross generation (MWh)	1,097,439
Net generation (MWh)	1,064,894

Other Power Generation Projects

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

The Group owns a combined heat-and-power coal-fired plant in Hongze County, Jiangsu Province, the PRC. Occupying an area of approximately 53,000 square metres and operating 5 coal-fired boilers and 3 steam turbine units with a total installed capacity of 30MW, this power plant supplies heat to more than 60 customers.

The following table sets out key operational statistics of the Zhongdian Hongze Thermal Plant for 2009:

Installed capacity (MW)	30.0
Average tariff (RMB/kWh)	0.500
Latest tariff (RMB/kWh)	0.500
Average utilisation hours (hours)	3,497
Gross generation (MWh)	104,896
Net generation (MWh)	85,644

FUTURE PLANS

With increasing appreciation of the importance of clean energy, the PRC Government is expected to continue introducing measures to promote development in this sector. The Group believes that there is significant development potential and prospects in this business segment. To this end, the Group will develop clean-energy power generation as a major business approach and concentrate its resources and efforts on clean energy projects.

The Group's future efforts will focus on:

1. Continuing to expand installed capacity and the Company's scale;

2. Diversifying the clean energy portfolio;

3. Continuing to strengthen operating efficiency and enhance enterprise's efficiency;

4. Continuing to consolidating and optimising the relationship with government; and

5. Strengthening corporate governance and human resources.

The Group will continue to explore and assess those new businesses and investment opportunities that have the potential to bring in long-term benefits. At present, the Group is evaluating and considering certain clean energy power plant projects for possible future acquisition and development.

The Company will issue announcements with respect to possible acquisitions as and when appropriate, in accordance with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

FINANCIAL REVIEW

Revenue and Tariff Adjustment

For the year ended 31 December 2009, revenue and tariff adjustment were approximately HK$1,579,928,000 (for the eight months ended 31 December 2008: HK$1,260,259,000). The increase was primarily attributed to the increase in sales volume of electricity.

Fuel Costs

For the year ended 31 December 2009, fuel costs of the Group were approximately HK$775,544,000 (for the eight months ended 31 December 2008: HK$714,062,000). The increase was mainly attributed to fuel costs for production at Zhongdian Hongze, Dongguan Heat and Power and Dongguan WTE as a result of more electricity generated, together with the price fluctuation in respect of coal, heavy oil and natural gas.

Depreciation and Amortisation

For the year ended 31 December 2009, depreciation and amortisation of the Group were approximately HK$183,182,000 (for the eight months ended 31 December 2008: HK$120,126,000). The increase was primarily attributed to depreciation charges on power generating units, property, plants and other equipment.

Staff Costs

For the year ended 31 December 2009, staff costs of the Group were approximately HK$114,726,000 (for the eight months ended 31 December 2008: HK$69,064,000). The increase was primarily attributed to the increase in the number of staff.

Repairs and Maintenance

For the year ended 31 December 2009, repairs and maintenance expenses of the Group were approximately HK$41,463,000 (for the eight months ended 31 December 2008: HK$42,771,000). The decrease was primarily attributed to the Group's effective cost control measures.

Operating Profit

For the year ended 31 December 2009, operating profit of the Group was approximately HK$329,816,000 (for the eight months ended 31 December 2008: HK$130,490,000). The increase was primarily attributed to the increase in sales volume of electricity.

Finance Costs, Net

For the year ended 31 December 2009, net finance costs of the Group amounted to approximately HK$89,666,000 (for the eight months ended 31 December 2008: HK$73,027,000).

Taxation

For the year ended 31 December 2009, taxation of the Group was approximately HK$22,998,000 (for the eight months ended 31 December 2008: HK$13,247,000).

Profit Attributable to the Equity Holders of the Company

For the year ended 31 December 2009, profit attributable to equity holders of the Group was approximately HK$152,684,000 (for the eight months ended 31 December 2008: HK$10,962,000), mainly attributable to profit from clean energy power generation business.

Liquidity and Financial Resources

As at 31 December 2009, the Group had cash and cash equivalents of approximately HK$540,387,000, mainly including cash inflow from production operations, as well as the working capital and project financing of the Group's subsidiaries by banks and financial institutions.

Capital Expenditure

For the year ended 31 December 2009, capital expenditure of the Group was approximately HK$678,546,000, spent mainly on the development and construction of new projects, additions of equipment and technical renovation projects. The major sources of the funds injected were from cash on hand and project financing of the Group.

Borrowings

As at 31 December 2009, total loans of the Group amounted to approximately HK$2,234,356,000 (31 December 2008: HK$1,792,248,000), consisting of short term bank borrowings of approximately HK$526,066,000 and long term bank borrowings of approximately HK$1,708,290,000. Interest rates of the Group's bank borrowings are subject to adjustments in accordance with the relevant rules of the People's Bank of China.

Gearing Ratio

As at 31 December 2009, gearing ratio of the Group, based on net debts divided by total capital, was 24% (31 December 2008: 19%). Increase in the gearing ratio during the year was primarily attributed to additional borrowings being obtained for the payment of capital investment in the construction and development of new power plants.

Foreign Exchange and Currency Risks

Most of the Group's principal business transactions are conducted in Renminbi and Hong Kong dollars. The Group did not use any derivatives in hedging its foreign currency exposure as the Group considered its foreign currency exposure to be insignificant.

Investment Risk of the Capital Market

The Group has some of its funds invested in securities. With the business focus on clean energy related businesses, the Group will terminate/reduce the securities investment business.

For the year ended 31 December 2009, fair value gain on financial assets at fair value through profit and loss amounted to HK$10,721,000 (for the eight months ended 31 December 2008: loss of HK$65,814,000).

Charge on the Group's Assets

As at 31 December 2009, certain bank deposits, properties under development, property, plant and equipment, land use rights and investment properties of the Group with an aggregate amount of HK$1,668,228,000 (31 December 2008: HK$513,444,000) were pledged as securities for certain notes payable and bank borrowings of the Group.

Contingent Liabilities

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

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2009, the Group had approximately 1,155 (30 June 2009: 1,103) employees in Hong Kong and the PRC.

Remunerations of directors and employees are determined with reference to their work performance, experience and duties as well as industry and market standards.

The Group provided appropriate emoluments and benefit packages to all employees of its operating power plants and new project developments in the PRC based on their respective duties and pursuant to the labour laws and regulations of the PRC.

The Group also provides its Hong Kong employees with a mandatory provident fund with defined contribution as required by the laws of Hong Kong and also medical insurance.

Directors and Senior Management Profiles

EXECUTIVE DIRECTORS

Ms. Li Xiaolin, aged 48, 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. 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 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 chairman of China Power International Holding Limited (the holding company of China Power New Energy Limited); and a director of Companhia de Electricidade de Macau. She has served in various 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. Zhao Xinyan, aged 47, 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. Mr. Zhao is a senior engineer. He graduated from Chongqing University with a Bachelor's degree in materials engineering and from Guanghua School of Management, Peking University with a Master of Business Administration (MBA) degree. He has been a director of China Power New Energy Limited (a substantial shareholder of the Company) since August 2006. Mr. Zhao is also the vice president of China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380). He has served as a manager in various departments of China Power International Development Limited.

Mr. Wang Hao, aged 46, 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. Mr. Wang is engaged as an investment consultant of several listed companies in the PRC and has over 16 years of experience in investment management of companies in the PRC.

Mr. Liu Genyu, aged 46, joined the Group in May 2007. He is an executive director and a member of the Executive Committee of the Company. Mr. Liu was re-designated from Chief Operating Officer to Chief Executive Officer of the Company in June 2009. He is also a director of certain subsidiaries of the Company. Mr. Liu is a senior engineer. He graduated from Tsinghua University with a degree of Executive Master of Business and Administration (EMBA). Mr. Liu is also the assistant to the president of China Power International Holding Limited (a substantial shareholder of the Company) and the Development Supervisor of China Power International Development Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2380). Mr. Liu has also served in positions including the vice president of Chongqing Jinlong Electric Power Co., Ltd. and a lecturer in Harbin Power Vocational Technology College.

Mr. Hong Zhao, aged 55, joined the Group in January 2010. He is an executive director and a member of the Executive Committee of the Company. He graduated from the Dongbei University of Finance & Economics as a Bachelor of Economics. He was the director and executive vice president of America Orient Group, Inc. from 1995 to 2009. He acts as the chairman of US Sunergy Corporation since 2009.

NON-EXECUTIVE DIRECTOR

Mr. Cheng Chi, aged 49, joined the Group in April 2008. He is a non-executive director of the Company. Mr. Cheng has over 15 years of experience in capital and financial operations management. After graduating from Renmin University of China with a Master's 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 China National Offshore Oil Corporation Investment Company Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kar Wing, aged 52, 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. Mr. Chu holds a bachelor's degree in social science majoring in economics. He has extensive experience in the banking and finance sector. Mr. Chu resigned as an independent non-executive director of Zmay Holdings Limited (a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8085) on 20 November 2009. Currently, he is also an independent non-executive director of Emperor Entertainment Group Limited (a company listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8078).

Dr. Chow King Wai, aged 55, 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. 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. Wong Kwok Tai, aged 71, 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. Mr. Wong is a Certified Public Accountant and Practising Member. He has extensive experience in the audit and finance areas in different industries. Currently, he is the sole-proprietor of W. Wong & Co., CPA. He is also an independent non-executive director of the following companies listed on the Main Board of the Hong Kong Stock Exchange: New Century Group Hong Kong Limited (stock code: 234), Poly Development Holdings Limited (stock code: 1141), Takson Holdings Limited (stock code: 918) and Sewco International Holdings Limited (appointed on 1 November 2009) (stock code: 209).

SENIOR MANAGEMENT

All the executive directors of the Company are respectively responsible for the various aspects of the business and operation of the Group. These executive directors of the Company are regarded as the members of the senior management team of the Group.

Corporate Governance Report

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2009.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important role of its Board in providing effective leadership and direction to Company business, and ensuring transparency and accountability of Company operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules.

Throughout the year under review, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.4.1, A.4.2 and E.1.2. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of code provisions are summarized below.

A THE BOARD

A1. Responsibilities and delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

All directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

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

The Executive Committee and the senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A2. Board composition

The Board comprises the following directors:

Executive directors:

Ms. Li Xiaolin	*(Chairman of the Board and of the Executive Committee)*
Mr. Zhao Xinyan	*(Member of the Executive Committee)*
Mr. Wang Hao	*(Member of the Executive Committee)*
Mr. Liu Genyu	*(Chief Executive Officer and member of the Executive Committee)*
Mr. Hong Zhao	*(Member of the Executive Committee)*

Non-executive director:

Mr. Cheng Chi

Independent non-executive directors:

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

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 them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the Listing Rules. The Company has also adopted the recommended best practice under the CG Code for having at least one-third of its Board members being independent non-executive directors.

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 pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board and Board committee meetings, taking the lead in managing issues involving potential conflicts of interests, the independent non-executive directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The biographical details of the directors of the Company are set out under "Directors and Senior Management Profiles" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

A3. Chairman and chief executive officer

The positions of the Chairman and Chief Executive Officer of the Company are held by separate persons in order to ensure a balance of power and authority and preserve a balanced judgement of views. Currently, Ms. Li Xiaolin takes up the role of Chairman of the Board and is responsible for the management of the Board and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner whereas Mr. Liu Genyu is the Chief Executive Officer of the Company, taking care of the day-to-day management of the Group's business and implementing the Group's strategic plans and business goals. The respective responsibilities of the two roles are still being reviewed and discussed by the Board.

A4. Appointment and re-election 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, the non-executive directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Company's bye-laws (the "Bye-laws"). Accordingly, 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 every director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws, all directors, excluding the Chairman of the Board, shall retire from office by rotation at least once every three years. The Board considers that, though there is a deviation from the code provision A.4.2 of the CG Code, the aforementioned provision in the Bye-laws is appropriate to the Company since the continuous leadership by the Chairman of the Board allows for effective and efficient planning and implementation of business decisions and strategies which is significant for stability and growth of the Group.

There are also procedures and process of appointment, re-election and removal of directors laid down in the Bye-laws. In accordance with the 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 of the Company held after his/her appointment.

Pursuant to the aforesaid provisions of the Bye-laws, Mr. Hong Zhao, who was appointed as an executive director of the Company on 20 January 2010, shall submit himself for re-election at the forthcoming annual general meeting of the Company whereas Mr. Liu Genyu, Mr. Cheng Chi and Mr. Chu Kar Wing shall retire by rotation and, being eligible, offer themselves for re-election at the said annual general meeting. The Board recommended the re-appointment of these four retiring directors standing for re-election at the forthcoming annual general meeting. The Company's circular, sent together with this annual report, contains detailed information of these four directors pursuant to the requirements of the Listing Rules.

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 appointment and succession planning of directors and assessing the independence of independent non-executive directors. The Company has adopted "Directors' Nomination Procedures" as a written guideline in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

During the year ended 31 December 2009, the Board, through its meetings held on 27 April 2009 (with the presence of all the then directors, except for Mr. Chu Kar Wing) and 10 June 2009 (with the presence of all the then directors, except for Mr. Cheng Chi), performed the following work regarding matters relating to the Board composition:–

(i) review of the structure, size and composition of the Board; recommendation of the re-election of the retiring directors at the 2009 annual general meeting of the Company; and assessment of the independence of the Company's then independent non-executive directors; and

(ii) acceptance of the resignation of Mr. Lai Leong as an executive director of the Company and re-designation of Mr. Liu Genyu from the Chief Operating Officer to the Chief Executive Officer.

A5. Induction and continuing development for directors

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

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

A6. Board meetings

A6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board and committee 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 normally sent to all directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order 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, Financial Controller, Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

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

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

A6.2 Directors' Attendance Records

During the year ended 31 December 2009, the Board has held a total of 6 Board meetings for the main purposes of reviewing and considering the financial and operating performance, business development and prospects of the Group.

The attendance records of each director at these 6 Board meetings are set out below:

Name of Director	**Attendance/Number of Board Meetings**
Executive directors	
Ms. Li Xiaolin	6/6
Mr. Lai Leong *(Note 1)*	2/3
Mr. Zhao Xinyan	6/6
Mr. Wang Hao	5/6
Mr. Clive William Oxley *(Note 2)*	4/6
Mr. Liu Genyu	6/6
Mr. Hong Zhao *(Note 3)*	N/A
Non-executive director	
Mr. Cheng Chi	3/6
Independent non-executive directors	
Mr. Chu Kar Wing	4/6
Dr. Chow King Wai	5/6
Mr. Wong Kwok Tai	4/6

Notes:

1. Mr. Lai Leong resigned as an executive director of the Company on 10 June 2009. Before his resignation, there were a total of 3 Board meetings held during the year ended 31 December 2009.

2. Mr. Clive William Oxley resigned as an executive director of the Company on 28 February 2010.

3. Mr. Hong Zhao was appointed as an executive director of the Company on 20 January 2010. Therefore, he was not entitled to attend the Board meetings held during the year ended 31 December 2009.

A6.3 Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Each director has been given a copy of the Own Code. Having made specific enquiry of all the Company's directors, they have complied with the Own Code and the Model Code throughout the year ended 31 December 2009.

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 and/or its securities. No incident of non-compliance of the Employees Written Guidelines by relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

B. BOARD COMMITTEES

The Board has established three Board committees, namely, the Executive Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the affairs of the Company. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.cpne.com.hk" and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

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 expenses.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in section A6.1 above.

B1. Executive Committee

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 for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

The Remuneration Committee comprises the three independent non-executive directors of the Company and the chairman of the Committee is Mr. Chu Kar Wing.

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

During the year ended 31 December 2009, no meeting of the Remuneration Committee was held. Subsequently, a meeting of the Committee was held in March 2010 (with the presence of Mr. Chu Kar Wing and Mr. Wong Kwok Tai) for generally reviewing and discussing about the remuneration packages of the directors and senior management of the Group.

Details of the remuneration of each director of the Company for the year ended 31 December 2009 are set out in note 15 to the financial statements contained in this annual report.

B3. Audit Committee

The Audit Committee comprises the three independent non-executive directors of the Company with Mr. Wong Kwok Tai possessing the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. The chairman of the Committee is Mr. Chu Kar Wing. None of the members of the Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 December 2009, the Audit Committee has held 3 meetings and performed the following major works:

– Review and discussion of the interim financial information, results announcement and report for the six months ended 31 October 2008, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the annual financial information, results announcement and report for the eight months ended 31 December 2008, the related accounting principles and practices adopted by the Group, the relevant audit findings and internal controls related matters; and recommendation of the re-appointment of the external auditor; and

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2009, the related accounting principles and practices adopted by the Group and the relevant audit findings.

The external auditor attended all the above meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

The attendance records of the foregoing 3 Audit Committee meetings are set out as follows:

Name of Audit Committee Member	**Attendance / Number of Audit Committee Meetings**
Mr. Chu Kar Wing *(Chairman)*	2/3
Dr. Chow King Wai	3/3
Mr. Wong Kwok Tai	3/3

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2009.

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 management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward 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.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of shareholders and the Group's assets.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 December 2009. 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.

E. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to PricewaterhouseCoopers, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2009 are analysed below:–

Type of services provided by the external auditor	**Fees paid/payable**
Audit services – audit fee for the year ended 31 December 2009	HK$2,000,000
Non-audit services	400,000
TOTAL:	HK$2,400,000

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group also recognises the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decision. The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at "www.cpne.com.hk" where information on the Company's announcements, financial information and other information are posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries. Inquiries are dealt with in an informative and timely manner.

Shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

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 Company, was unable to attend the Company's 2009 annual general meeting held on 10 June 2009 due to other business engagement. In view of her absence, Ms. Li had arranged for Mr. Zhao Xinyan, an executive director of the Company who is well versed in all the business activities and operations of the Group, to attend and chair the meeting and communicate with the shareholders. Mr. Chu Kar Wing, the chairman of both the Audit Committee and the Remuneration Committee, also attended the 2009 annual general meeting to give shareholders an opportunity of having a direct dialogue with the Board members.

G. 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. Besides, various rights of shareholders, including the right to propose resolutions, are contained in the Bye-laws.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cpne.com.hk) after each shareholders' meeting.

Report of the Directors

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development, construction, ownership, operation and management of clean energy power plants in the PRC, including but not limited to the following types of energy generation – wind power generation, hydro-electric generation and waste-to-energy power generation. The Group is also engaged in investment holding in the clean energy power industry, sale of clean energy power generating equipment and property investments. The principal activities of the Company's subsidiaries are set out in note 21 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by principal activities and geographical area of operations for the year ended 31 December 2009 is set out in note 5 to the financial statements.

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2009 is set out in the consolidated income statement on page 39.

The directors do not recommend the payment of any dividend for the year ended 31 December 2009.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years/period is set out on page 112 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and of the Group during the year ended 31 December 2009 are set out in note 16 to the financial statements.

CAPITAL STRUCTURE

Details of the movements in the Company's share capital and options during the year ended 31 December 2009, together with the reasons thereof, and details of the share option scheme of the Company are set out in note 29 to the financial statements. Further details are also disclosed under the heading "Share Option Scheme" below.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws 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 the movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company had no reserves available for distribution.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2009.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2009, sales to the Group's five largest customers accounted for approximately 90% of the total sales and sales to the largest customer included therein amounted to approximately 57% of the total sales.

Purchases from the Group's five largest suppliers accounted for approximately 74% of the total purchases for the year ended 31 December 2009 and purchases from the largest supplier included therein amounted to approximately 54% 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 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 ended 31 December 2009 and up to the date of this report are:

Executive Directors:
Ms. Li Xiaolin *(Chairman)*
Mr. Zhao Xinyan
Mr. Wang Hao
Mr. Liu Genyu (re-designated to Chief Executive Officer from Chief Operating Officer with effect from 10 June 2009)
Mr. Hong Zhao (appointed on 20 January 2010)
Mr. Lai Leong (resigned on 10 June 2009)
Mr. Clive William Oxley *OBE, ED* (resigned on 28 February 2010)

Non-Executive Director:
Mr. Cheng Chi

Independent Non-executive Directors:
Mr. Chu Kar Wing
Dr. Chow King Wai
Mr. Wong Kwok Tai

Pursuant to clause 87 of the Bye-laws, Mr. Liu Genyu, Mr. Cheng Chi and Mr. Chu Kar Wing shall retire by rotation at the Company's forthcoming annual general meeting. In addition, pursuant to clause 86(2)(b) of the Bye-laws, Mr. Hong Zhao, who was appointed by the Board on 20 January 2010, will also retire at the said annual general meeting. All the above retiring directors, being eligible, will offer themselves for re-election at the meeting.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2009, 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 Group and the Group's performance, by a remuneration committee of the Board according to its terms of reference.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the 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 ended 31 December 2009.

POST BALANCE SHEET EVENTS

(a) Gansu Hui Heng New Energy Technical Development Company Limited ("Gansu Hui Heng"), a minority shareholder of Gansu China Power Jiuquan Wind Power Company Limited ("Gansu China Power", a non-wholly owned subsidiary of the Group with 90% equity interests), failed to fulfill its obligation to contribute its share of registered capital of Gansu China Power by 22 September 2008 pursuant to the articles of association and the joint venture agreement. Pursuant to the joint venture agreement, the defaulting party would be deemed to have unconditionally consented to the transfer of its right to contribute to the registered capital to the non-defaulting party. On 4 March 2010, the Group entered into an equity transfer agreement with Gansu Hui Heng to take up its entire 10% equity interest in Gansu China Power at no consideration.

(b) On 5 March 2010, the Group entered into an equity transfer agreement with Dongguan Xiecheng Power Equipment Company Limited ("Dongguan Xiecheng"), a minority shareholder of Yunnan Shuangxing Green Energy Company Limited ("Yunnan Shuangxing"), to acquire its entire 40% interest in Yunnan Shuangxing at a consideration of approximately RMB63,823,000. Thereafter, Yunnan Shuangxing became a wholly owned subsidiary of the Group.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, the directors of the Company below had the following interests in the underlying shares of the Company which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register referred to therein.

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 which as at 31 December 2009 were as follows:

Name of director	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
Ms. Li Xiaolin	Beneficial owner	23,000,000	0.33%
Mr. Zhao Xinyan	Beneficial owner	18,000,000	0.26%
Mr. Wang Hao	Beneficial owner	30,000,000	0.43%
Mr. Liu Genyu	Beneficial owner	18,000,000	0.26%

† The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2009.

Save as disclosed above, as at 31 December 2009, 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 corporations (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 they were 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 to be notified to the Company and the Stock Exchange; nor had there been any grant or exercise of rights of such interests to/by them during the year ended 31 December 2009.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme operated by the Company as set out in note 29 to the financial statements and save as disclosed in the section headed "Directors' interests in shares and underlying shares" above, at no time during the year ended 31 December 2009 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 29 to the financial statements.

The following table discloses movements in the Company's share options during the year ended 31 December 2009:

	Number of share options**								
Name or category of participant	Outstanding at 1 January 2009	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 December 2009	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	8 June 2007	26 June 2007 to 7 June 2017	0.836
Mr. Zhao Xinyan	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
Mr. Wang Hao	30,000,000	–	–	–	–	30,000,000	9 March 2007	26 March 2007 to 8 March 2017	0.63
Mr. Liu Genyu	18,000,000	–	–	–	–	18,000,000	8 June 2007	15 June 2007 to 7 June 2017	0.836
	89,000,000	–	–	–	–	89,000,000			
Other employees working under continuous employment contracts									
In aggregate	40,000,000	–	–	500,000	–	39,500,000	9 March 2007	22 March 2007 to 8 March 2017	0.63
	60,000,000	–	–	–	–	60,000,000	9 March 2007	23 March 2007 to 8 March 2017	0.63
	20,000,000	–	–	–	–	20,000,000	9 March 2007	28 March 2007 to 8 March 2017	0.63
	4,000,000	–	–	3,000,000	–	1,000,000	8 June 2007	20 June 2007 to 7 June 2017	0.836
	21,000,000	–	–	16,000,000	–	5,000,000	8 June 2007	28 June 2007 to 7 June 2017	0.836
	145,000,000	–	–	19,500,000	–	125,500,000			
	234,000,000	–	–	19,500,000	–	214,500,000			

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

* 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.

As at the date of this annual report, a total of 214,500,000 shares (representing approximately 3.1% of the existing issued share capital of the Company) may be issued by the Company if all the outstanding options under the Scheme have been exercised.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2009, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or as the Company was aware:

Name	Nature of interest	Note	Number of shares interested or deemed to be interested	Percentage† of the Company's issued share capital
China Power New Energy Limited	Beneficial owner	*1*	2,003,464,400	28.54%
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	28.54%
China Power Investment Corporation	Corporate interests	*1*	2,003,464,400	28.54%
China Power International Holding Limited	Corporate interests	*1*	2,003,464,400	28.54%
Tianying Holding Limited	Corporate interests	*1*	2,003,464,400	28.54%
China National Offshore Oil Corporation	Corporate interests	*2*	900,000,000	12.82%

Notes:

1. These shares were held by China Power New Energy Limited, 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 Corporation which in turn was wholly owned by 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 Corporation 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 Shining East Investments Limited, 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.

† The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2009.

Save as disclosed above, as at 31 December 2009, 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 22 to 30 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 31 December 2009.

AUDITOR

CCIF CPA Limited had acted as the auditor of the Company for the financial years ended 30 April 2003 to 30 April 2008. PricewaterhouseCoopers has been appointed as the auditor of the Company since the financial period ended 31 December 2008 to fill the casual vacancy upon the retirement of CCIF CPA Limited.

PricewaterhouseCoopers will retire at the forthcoming annual general meeting of the Company and a resolution will be proposed at the meeting to re-appoint PricewaterhouseCoopers as the auditor 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.cpne.com.hk. Printed copies in both languages are posted to shareholders.

On behalf of the Board

Li Xiaolin
Chairman

Hong Kong
25 March 2010

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888
pwchk.com

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") and its subsidiaries (together, the "Group") set out on pages 39 to 111, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

PRICEWATERHOUSECOOPERS

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2010

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Revenue	5	**1,307,676**	892,320
Tariff adjustment	5	**272,252**	367,939
		1,579,928	1,260,259
Other income	6	**31,299**	66,130
Other gains, net	7	**15,321**	5,352
Fuel costs		**(775,544)**	(714,062)
Cost of power generating equipment sold		**(53,230)**	(102,778)
Staff costs	11	**(114,726)**	(69,064)
Depreciation and amortisation		**(183,182)**	(120,126)
Repairs and maintenance		**(41,463)**	(42,771)
Consumables		**(7,279)**	(6,076)
Fair value gain/(loss) on financial assets at fair value through profit or loss		**10,721**	(65,814)
Discount on acquisition of a subsidiary	36	**13,989**	—
Other operating expenses		**(146,018)**	(80,560)
Operating profit	8	**329,816**	130,490
Finance costs, net	9	**(89,666)**	(73,027)
Share of losses of associated companies and jointly controlled entities		**(239)**	(1,663)
Profit before taxation		**239,911**	55,800
Taxation	10	**(22,998)**	(13,247)
Profit for the year/period		**216,913**	42,553
Attributable to:			
Equity holders of the Company	12	**152,684**	10,962
Minority interests		**64,229**	31,591
		216,913	42,553
Earnings per share for profit attributable to equity holders of the Company during the year/period (expressed in HK cents per share)			
– basic	13	**2.17**	0.16
– diluted	13	**2.17**	0.16

The notes on pages 46 to 111 are an integral part of these consolidated financial statements.

Consolidated Statement Of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2009

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Profit for the year/period	216,913	42,553
Other comprehensive income, net of tax		
Currency translation differences	70	144,286
Total comprehensive income for the year/period	216,983	186,839
Attributable to:		
Equity holders of the Company	152,754	143,838
Minority interests	64,229	43,001
	216,983	186,839

The notes on pages 46 to 111 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,367,762	3,687,937
Land use rights and leasehold land prepayments	17	151,690	258,525
Investment properties	18	283,252	15,900
Properties under development	19	–	167,429
Intangible assets	20	1,192,251	1,192,671
Interests in associated companies and jointly controlled entities	22	289,131	218,755
Other long-term deposits and prepayments	23	274,478	100,787
Deferred income tax assets	32	29,577	31,382
		6,588,141	5,673,386
Current assets			
Inventories	24	113,334	171,927
Accounts receivable	25	363,795	142,932
Prepayments, deposits and other receivables	26	247,917	274,301
Other financial assets	27	27,622	70,187
Pledged deposits	28	65,218	170,491
Cash and cash equivalents	28	540,387	481,659
		1,358,273	1,311,497
Total assets		7,946,414	6,984,883
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	702,010	702,010
Share premium		3,619,370	3,619,370
Reserves	30	395,009	242,255
		4,716,389	4,563,635
Minority interests		343,326	222,167
Total equity		5,059,715	4,785,802

	Note	2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Long-term bank and other borrowings	31	1,708,290	942,632
Deferred income tax liabilities	32	16,590	7,187
		1,724,880	949,819
Current liabilities			
Accounts payable	33	251,213	82,992
Other payables and accrued charges	34	373,623	305,309
Short-term bank borrowings	31	411,563	136,429
Current portion of long-term bank and other borrowings	31	114,503	713,187
Taxation payable		10,917	11,345
		1,161,819	1,249,262
Total liabilities		2,886,699	2,199,081
Total equity and liabilities		7,946,414	6,984,883
Net current assets		196,454	62,235
Total assets less current liabilities		6,784,595	5,735,621

Li Xiaolin
Director

Zhao Xinyan
Director

The notes on pages 46 to 111 are an integral part of these consolidated financial statements.

Balance Sheet

AS AT 31 DECEMBER 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	197	409
Interests in subsidiaries	21	3,979,161	3,873,517
		3,979,358	3,873,926
Current assets			
Prepayments, deposits and other receivables	26	174	1,278
Other financial assets	27	25,591	10,236
Pledged deposits	28	–	150,000
Cash and cash equivalents	28	102,448	93,362
		128,213	254,876
Total assets		4,107,571	4,128,802
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	702,010	702,010
Share premium		3,619,370	3,619,370
Reserves	30	(231,213)	(210,053)
		4,090,167	4,111,327
LIABILITIES			
Current liabilities			
Other payables and accrued charges	34	17,404	17,475
Total equity and liabilities		4,107,571	4,128,802
Net current assets		110,809	237,401
Total assets less current liabilities		4,090,167	4,111,327

Li Xiaolin
Director

Zhao Xinyan
Director

The notes on pages 46 to 111 are an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company					
	Share capital *(Note 30)* *HK$'000*	Share premium *(Note 30)* *HK$'000*	Other reserves *(Note 30)* *HK$'000*	(Accumulated losses)/ retained earnings *(Note 30)* *HK$'000*	Minority interests *HK$'000*	Total *HK$'000*
Balance at 1 January 2009	**702,010**	**3,619,370**	**262,811**	**(20,556)**	**222,167**	**4,785,802**
Currency translation differences and net income recognised directly in equity	–	–	70	–	–	70
Profit for the year	–	–	–	152,684	64,229	216,913
Total comprehensive income for the year	–	–	70	152,684	64,229	216,983
Acquisition of a subsidiary	–	–	–	–	19,299	19,299
Contribution from a minority shareholder of a subsidiary	–	–	–	–	38,995	38,995
Dividend paid to a minority shareholder of a subsidiary	–	–	–	–	(1,364)	(1,364)
	–	–	–	–	56,930	56,930
Balance at 31 December 2009	**702,010**	**3,619,370**	**262,881**	**132,128**	**343,326**	**5,059,715**
Balance at 1 May 2008	704,368	3,629,601	237,059	(138,642)	179,166	4,611,552
Currency translation differences and net income recognised directly in equity	–	–	132,876	–	11,410	144,286
Profit for the period	–	–	–	10,962	31,591	42,553
Total comprehensive income for the period	–	–	132,876	10,962	43,001	186,839
Repurchase of shares	(2,358)	(10,231)	2,358	(2,358)	–	(12,589)
Transfer	–	–	(109,482)	109,482	–	–
	(2,358)	(10,231)	(107,124)	107,124	–	(12,589)
Balance at 31 December 2008	702,010	3,619,370	262,811	(20,556)	222,167	4,785,802

The notes on pages 46 to 111 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Cash flows from operating activities			
Cash generated from operations	35(a)	448,507	445,469
Interest paid		(105,719)	(88,052)
PRC income tax paid		(21,262)	(2,262)
Net cash generated from operating activities		321,526	355,155
Cash flows from investing activities			
Capital injections to an associated company and a jointly controlled entity		(11,232)	(62,208)
Payments for property, plant and equipment		(515,402)	(529,127)
Payments for properties under development		(40,557)	(70,931)
Payments for intangible assets		(211)	–
Proceeds from disposal of property, plant and equipment		455	–
Payments for land use rights and leasehold land prepayments		(6,755)	(3,513)
Refund of value added tax received		46,926	–
Increase in other long-term deposits and prepayments		(274,478)	(100,787)
Acquisition of a subsidiary, net of cash acquired	36(a)	(44,362)	–
Acquisition of an jointly controlled entity	36(b)	(6,242)	–
Disposal of subsidiaries, net of cash disposed	35(b)	920	20,433
Interest received		3,008	5,529
Dividend received		120	–
Decrease/(increase) in pledged deposits		105,273	(117,862)
Net cash used in investing activities		(742,537)	(858,466)
Cash flows from financing activities			
New bank and other borrowings		1,973,678	312,650
Repurchase of shares		–	(12,589)
Contributions from a minority shareholder of a subsidiary		38,995	–
Repayment of bank and other borrowings		(1,531,570)	(334,231)
Dividend paid to a minority shareholder of a subsidiary		(1,364)	–
Net cash generated from/(used in) financing activities		479,739	(34,170)
Net increase/(decrease) in cash and cash equivalents		58,728	(537,481)
Cash and cash equivalents at beginning of the year/period		481,659	989,117
Exchange gains on cash and cash equivalents		–	30,023
Cash and cash equivalents at end of the year/period	28	540,387	481,659

The notes on pages 46 to 111 are an integral part of these consolidated financial statements.

Notes To The Financial Statements

1 GENERAL INFORMATION

China Power New Energy Development Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together, the "Group") are principally engaged in the development, construction, ownership, operation and management of clean energy power plants in the People's Republic of China (the "PRC"), including but not limited to the following types of energy generation – natural gas and oil power generation, wind power generation, hydropower generation, waste-to-energy power generation and other power generation. The Group is also engaged in investment holding in the clean energy power industry, the sale of clean energy power generating equipment and property investments.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated, and have been approved for issue by the Board of Directors on 25 March 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(a) Effect of adopting new standards, amendments to standards and interpretations

The following new standards and amendments to standards are mandatory for the financial year beginning 1 January 2009.

- HKAS 1 (Revised) "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The consolidated financial statements has been prepared under the revised disclosure requirements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) *Effect of adopting new standards, amendments to standards and interpretations* (Continued)

- HKFRS 8 "Operating Segments". HKFRS 8 replaces HKAS 14 "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors and certain senior management who collectively makes strategic decisions.

  Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to previous acquisitions remains in the respective segments. There has been no further impact on the measurement of the Group's assets and liabilities.

- Amendment to HKFRS 7 "Financial Instruments: Disclosures". The amendments increase the disclosure requirements about fair value measurement and amend the disclosure about liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures about financial instruments and require some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. They also require a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group has made additional relevant disclosures in the consolidated financial statements for the year ended 31 December 2009.

The following amendments to standards and interpretations are mandatory for the financial year beginning 1 January 2009 (except as mentioned below), but are not currently relevant to the Group:

HKFRSs (Amendment)	Improvements to HKFRS 2008[1]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instrument and Obligation Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 (Amendment)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfer of Assets from Customers[2]

[1] Effective for the Group for annual period beginning 1 January 2009 except the amendment to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which is effective for annual periods beginning 1 January 2010.

[2] Effective for transfer of assets received on or after 1 July 2009

The adoption of these amendments to standards and interpretations did not result in a significant impact on the result and financial position of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New standards, amendments to standards and interpretations that have been issued but are not effective

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted.

HKFRSs (Amendment)	Improvements to HKFRS 2009[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[2]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[3]
HK(IFIRC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirements[2]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[2]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for the Group for annual period beginning 1 January 2010
2 Effective for the Group for annual period beginning 1 January 2011
3 Effective for the Group for annual period beginning 1 January 2013

The effect that the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC)-Int 17 will have on the results and financial position of the Group will depend on the incidence and timing of transactions within the scope of these standards and interpretations occurring on or after 1 January 2010. The Directors anticipate that the adoption of other new standards, amendments to standards and interpretations in future periods will have no significant financial impact to the Group.

2.2 Consolidation

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

(a) Subsidiaries

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) *Subsidiaries* (Continued)

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

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

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) *Transactions with minority interest*

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) *Associated companies*

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and is initially recognised at cost. The Group's investments in associated companies include goodwill identified on acquisition, net of any accumulated impairment loss (Note 2.8(i)).

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

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

Dilution gains or losses in investments in associated companies are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(d) *Jointly controlled entities*

Jointly controlled entities are those entities over which the Group has contractual arrangements to jointly share in jointly controlled entities and are accounted for using the equity method of accounting (Note 2.2 (c)) in the consolidated financial statements.

2.3 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(c) *Group companies*

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress (see Note 2.5 below) are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, costs transferred from construction in progress and any directly attributable costs of bringing the assets to the condition for their intended use.

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

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

Buildings	14 – 50 years
Dam	50 years
Power generators and equipment	5 – 25 years
Others	3 – 17 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). Such impairment losses are recognised in the income statement.

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

2.5 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. 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 in Note 2.4 above.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of 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, representing open market value determined annually by independent external professional valuers. Fair value is determined based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the income statement as part of other gains, net.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Investment properties (Continued)

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.

Gain or loss on disposal of an investment property is determined by comparing the proceeds and the carrying amount of the investment property and is recognised in the income statement.

2.7 Land use rights and leasehold land prepayments

Land use rights and leasehold land prepayments are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost mainly represents consideration paid for the rights to use the land on which various plants and buildings are situated and up-front prepayment made for operating leases. Amortisation of land use rights and leasehold land prepayments is calculated on a straight-line basis over the period of the lease.

2.8 Intangible assets

(i) Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose (Note 2.9).

(ii) Patents and franchise

Acquired patents and franchise that have definite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the costs of acquired patents and franchise over their estimated useful lives of 25 years.

2.9 Impairment of investments in subsidiaries, associated companies and non-financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of investments in subsidiaries, associated companies and non-financial assets (Continued)

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

2.10 Financial assets

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

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables mainly comprise bank balances, deposits with banks and trade and other receivables with fixed or determinable payments included in the consolidated balance sheet.

(c) Available-for-sale financial assets

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

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the income statement; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of accounts and other receivables is described in Note 2.13.

2.11 Inventories

Inventories comprise (a) coal, oil, consumable supplies and spare parts held for consumption and usage; and (b) inventories for manufacturing of power generating equipment.

(a) Coal, oil, consumable supplies and spare parts held for consumption and usage are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used, or capitalised to property, plant and equipment when installed, as appropriate. Cost is determined using the weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

(b) Inventories for manufacturing of power generating equipment are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overhead. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Properties under development

Properties under development are investments in buildings of which construction work and development have not been completed. Prepayments for leasehold land (land use rights) for the buildings are classified as land use rights and leasehold land prepayments and accounted for in accordance with accounting policies described in Note 2.7. Properties under development comprise construction costs and amounts capitalised in respect of amortisation of leasehold land prepayments and borrowing costs incurred in the acquisition of qualifying assets during the construction period and up to the end of construction.

On completion, the properties are reclassified to investment properties or completed properties held for sale at the then carrying amount. Any difference between the fair value of the investment property and its carrying amount at the date of reclassification is recognised in the income statement.

2.13 Accounts and other receivables

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within other operating expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to other gains in the income statement.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.15 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Financial liabilities (including accounts payable) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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

2.16 Borrowings

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

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

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

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

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

2.18 Employee benefits

(a) *Pension obligations*

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

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

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Employee benefits (Continued)

(b) *Bonus entitlements*

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan, under which the entity receives service from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining employees of the entity over a specific time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

2.19 Provisions

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

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

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

2.20 Operating lease

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

2.21 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management of the Group that makes strategic decisions.

2.23 Financial guarantee contracts

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of (i) the amount initially recognised less, where appropriate, cumulative amortisation recognised in the income statement over the period of the relevant liabilities and (ii) the amount of which the Group is obliged to reimburse the recipient under the financial guarantee contracts.

2.24 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The Group recognises revenue and income when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(a) Sales of electricity and revenue from heat supply by thermal power plants are recognised when electricity and heat capacity are generated and transmitted.

(b) Tariff adjustment represents subsidy received and receivable from the relevant local government authorities in respect of the Group's natural gas and oil power generation business and other power generation business. Tariff adjustment is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

(c) Revenue from the sales of power generating equipment is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(d) Rubbish handling income and repairs and maintenance management fee income are recognised when services are rendered.

(e) Operating lease rental income is recognised on a straight-line basis over the lease period.

(f) Interest income is recognised on a time-proportion basis using the effective interest method.

(g) Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders or directors as appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including: foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The use of financial derivatives to hedge certain risk exposures is governed by the Group's policies approved by the Board of Directors. The Group does not use derivative financial instruments for speculative purposes.

(a) Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC with transactions mainly settled in HK$, Renminbi ("RMB") or US dollar ("US$"). Foreign exchange risk arises when future commercial translation or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. Certain of the Group's PRC subsidiaries are exposed to foreign exchange risk primarily with respect to US$.

Management has a policy to require group companies to manage their foreign exchange risk against functional currency. It mainly includes managing the exposures arise from sales and purchases made by the relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures. The Group has not used any forward foreign exchange contracts or currency borrowings to hedge its exposure.

At 31 December 2009, if US dollar had weakened/strengthened by 5% against RMB, with all other variables held constant, post-tax profit for the period would have been HK$13,000 (2008: HK$2,225,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated cash and cash equivalents for certain subsidiaries in the PRC.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for certain interest-bearing receivables, and the pledged deposits and bank balances, details of which have been disclosed in Notes 26 and 28 respectively. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in Note 31. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

At 31 December 2009, if the interest rates on bank and other borrowings had been 50 basis points higher/lower than the prevailing rate announced by the People's Bank of China, with all other variables held constant, post-tax profit for the period would have been HK$7,841,000 (2008: HK$7,494,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate bank and other borrowings.

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as financial assets at fair value through profit or loss. The Group's financial assets at fair value through profit or loss represent equity securities listed in Hong Kong and the volatility of stock market is generally significant recently. At 31 December 2009, if the quoted market price/fair value of the equity investments held by the Group had increased/decreased by 10% to 30%, with all other variables held constant, the post-tax profit for the period would have been HK$1,756,000 to HK$5,267,000 (2008: HK$4,404,000 to HK$13,211,000) higher/lower, mainly as a result of the changes in fair value of financial assets at fair value through profit or loss.

The Group also exposes to commodity price risk mainly in relation to the coal and oil price. The Group has not used any forward contracts to hedge its exposure.

(d) Credit risk

The carrying amounts of cash at bank and term deposits, financial assets at fair value through profit or loss and receivables included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

Most of the Group's cash at bank and term deposits are held in major financial institutions, which management believes are of high credit quality. The Group's financial assets at fair value through profit or loss are also listed on a recognised stock exchange. Management does not expect any losses from non-performance by these counterparties.

The Group is exposed to significant concentration of credit risk in terms of electricity sales as majority of the Group's sales of electricity were made to provincial power grid companies. The Group normally grants credit terms ranging from 15 to 60 days to these power grid companies and the Group normally does not require collaterals from trade debtors. Ageing analysis of the Group's trade receivable is disclosed in Note 25. Management makes periodic collective assessment as well as individual assessment on the recoverability of accounts and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of accounts and other receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources and short-term and long-term bank borrowings.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Over 5 years *HK$'000*
Group				
At 31 December 2009				
Bank and other borrowings	**591,485**	**255,415**	**747,276**	**1,212,787**
Accounts payable	**251,213**	**–**	**–**	**–**
Other payables and accrued charges	**373,623**	**–**	**–**	**–**
At 31 December 2008				
Bank and other borrowings	934,626	162,517	438,642	964,942
Accounts payable	82,992	–	–	–
Other payables and accrued charges	305,309	–	–	–
Company				
At 31 December 2009				
Other payables and accrued charges	**17,404**	**–**	**–**	**–**
At 31 December 2008				
Other payables and accrued charges	17,475	–	–	–

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's 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 to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or to obtain bank borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and pledged deposits. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

During the year, the Group's strategy, which was unchanged from last year, was to maintain gearing ratio at a minimum level. The table below analyses the Group's capital structure as at 31 December 2009 and 2008.

	2009 ***HK$'000***	2008 *HK$'000*
Total bank and other borrowings *(Note 31)*	**2,234,356**	1,792,248
Less: Cash and cash equivalents and pledged deposits *(Note 28)*	**605,605**	652,150
Net debt	**1,628,751**	1,140,098
Total equity	**5,059,715**	4,785,802
Total capital	**6,688,466**	5,925,900
Gearing ratio	**24%**	19%

The increase in the gearing ratio during the year was resulted primarily from the additional borrowings obtained in order to finance the capital investments in the construction and development of new power plants.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Financial assets at fair value through profit or loss	7,179	20,443	–	27,622

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments classified as financial assets at fair value through profit or loss or available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for examples, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(b) Impairment of non-financial assets

The Group tests at least annually whether goodwill has suffered any impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(c) Tariff adjustment

Tariff adjustment represents additional tariff subsidised by the relevant local government authorities which varies from time to time. Management periodically evaluates the estimate for additional tariff based on historical tariff adjustments that were made available to the Group, taking into account the latest industry practice and market and economic conditions, and records any adjustments in the period when such estimate is changed.

(d) Fair value of financial assets at fair value through profit or loss

Where the fair value of financial assets at fair value through profit or loss recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the market approach based on a price/book multiple derived from comparable companies. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of the financial assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Current and deferred income tax

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

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed.

(f) Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines, the amount within a range of reasonable fair value estimates. In making its estimate, the Group considers both (i) information from the valuations of investment properties performed by external professional valuers by using open market value approach and (ii) other principal assumptions including the receipt of contractual rentals and expected future market rentals, to determine the fair value of the investment properties.

(g) Acquisition of subsidiaries, associated companies and jointly controlled entities

The initial accounting on the acquisition of subsidiaries and associated companies and jointly controlled entities involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values are determined by reference to market prices or by using financial models. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

5. REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION

(a) Revenue and tariff adjustment

Revenue and tariff adjustment recognised during the year/period are as follows:

	For the year ended 31 December 2009 ***HK$'000***	For the eight months period ended 31 December 2008 *HK$'000*
Sales of electricity to provincial power grid companies *(note (i))*	**1,106,078**	671,676
Heat supply by thermal power plants to other companies	**56,510**	80,663
Sales of power generating equipment	**92,507**	120,431
Rubbish handling income	**49,557**	19,535
Rental income from investment properties and others	**3,024**	15
Total revenue	**1,307,676**	892,320
Tariff adjustment *(note (ii))*	**272,252**	367,939
	1,579,928	1,260,259

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(a) Revenue and tariff adjustment (Continued)

Notes:

(i) Pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.

(ii) The amount represents additional tariff received and receivable from the relevant local government authorities.

(b) Segment information

The chief operating decision-maker has been identified as the executive directors and certain senior management of the Group (together, the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on each segment's profit/(loss) before taxation and share of profits/losses of associated companies and jointly controlled entities ("segment results").

The Group has the following major segments: power generation, property development and investment, and securities investment.

The Group is principally engaged in the development, construction, ownership and management of clean energy power plants and sale of clean energy power generating equipment in the People's Republic of China ("PRC"). The power generation business is further evaluated based on the types of energy generation (natural gas and oil power generation business, wind power generation and related business, hydro power generation business, waste-to-energy power generation business and other power generation business).

The property development and investment segment is engaged in the leasing of properties to generate rental income.

The securities investment segment is engaged in securities trading.

No sales between operating segments are undertaken.

Segment assets exclude interests in associated companies and jointly controlled entities, deferred income tax assets and corporate assets, all of which are managed on a central basis.

Unallocated income mainly refers to interest income earned from cash and cash equivalents held at corporate level. Unallocated expenses mainly refer to general and administrative expenses incurred at corporate level.

Other unallocated assets mainly comprise property, plant and equipment, prepayment, deposits and other receivables, and cash and cash equivalents held at corporate level.

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2009 and the eight months period ended 31 December 2008 is as follows:

	Power generation								
	Natural gas and oil power generation business HK$'000	Wind power generation and related business HK$'000	Hydro power generation business HK$'000	Waste-to-energy power generation business HK$'000	Other power generation business HK$'000	Property development and investments HK$'000	Securities investments HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 December 2009									
Segment revenue	649,032	215,204	129,366	165,042	146,148	2,884	–	–	1,307,676
Tariff adjustment	263,680	–	–	–	8,572	–	–	–	272,252
	912,712	215,204	129,366	165,042	154,720	2,884	–	–	1,579,928
Results of reportable segments	184,726	23,265	28,829	27,070	2,917	3,172	14,075	–	284,054
A reconciliation of results of reportable segments to profit for the year is as follows:									
Results of reportable segments									284,054
Unallocated income									638
Unallocated expenses									(44,542)
Share of losses of associated companies and jointly controlled entities									(239)
Profit before taxation									239,911
Taxation									(22,998)
Profit for the year									216,913
Segment results included:									
Depreciation and amortisation, net	34,071	56,792	47,949	24,248	16,527	530	213	2,852	183,182
Interest income	572	311	604	160	–	76	647	638	3,008
Interest expense	(36,364)	(30,785)	(3,605)	(9,266)	(8,976)	(3,353)	(6)	(319)	(92,674)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Power generation								
	Natural gas and oil power generation business *HK$'000*	Wind power generation and related business *HK$'000*	Hydro power generation business *HK$'000*	Waste-to-energy power generation business *HK$'000*	Other power generation business *HK$'000*	Property development and investments *HK$'000*	Securities investments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the eight months period ended 31 December 2008									
Segment revenue	422,008	181,136	104,319	–	184,842	–	–	15	892,320
Tariff adjustment	367,939	–	–	–	–	–	–	–	367,939
	789,947	181,136	104,319	–	184,842	–	–	15	1,260,259
Results of reportable segments	116,941	50,861	12,159	–	(1,822)	(2,801)	(68,242)	–	107,096
A reconciliation of results of reportable segments to profit for the period is as follows:									
Results of reportable segments									107,096
Unallocated income									23,752
Unallocated expenses									(73,385)
Share of losses of associated companies									(1,663)
Profit before taxation									55,800
Taxation									(13,247)
Profit for the period									42,553
Segment results included:									
Depreciation and amortisation, net	32,687	31,178	32,043	–	21,444	134	170	2,470	120,126
Interest income	–	2,644	–	136	17	133	–	2,599	5,529
Interest expense	(39,384)	(28,915)	–	(5,747)	(3,968)	(542)	–	–	(78,556)

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Power generation								
	Natural gas and oil power generation business HK$'000	Wind power generation and related business HK$'000	Hydro power generation business HK$'000	Waste-to-energy power generation business HK$'000	Other power generation business HK$'000	Property development and investments HK$'000	Securities investments HK$'000	Unallocated HK$'000	Total HK$'000
As at 31 December 2009									
Segment assets	2,122,012	1,927,911	1,615,246	1,131,394	276,452	400,793	140,879	–	7,614,687
Interests in associated companies and jointly controlled entities								289,131	289,131
Deferred income tax assets								29,577	29,577
Other unallocated assets								13,019	13,019
Total assets per consolidated balance sheet									7,946,414
Additions to non-current assets	53,507	443,899	19,349	350,423	1,584	45,788	–	4,084	918,634

	Power generation								
	Natural gas and oil power generation business HK$'000	Wind power generation and related business HK$'000	Hydro power generation business HK$'000	Waste-to-energy power generation business HK$'000	Other power generation business HK$'000	Property development and investments HK$'000	Securities investments HK$'000	Unallocated HK$'000	Total HK$'000
As at 31 December 2008									
Segment assets	1,895,081	1,787,278	1,339,097	704,898	315,008	515,859	145,051	–	6,702,272
Interests in associated companies								218,755	218,755
Deferred income tax assets								31,382	31,382
Other unallocated assets								32,474	32,474
Total assets per consolidated balance sheet									6,984,883
Additions to non-current assets	4,586	420,418	68,673	124,043	18,680	77,540	–	2,099	716,039

5 REVENUE, TARIFF ADJUSTMENT AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

Substantially all of the Group's revenue and assets are generated or located in the PRC except that cash and cash equivalents held at corporate level in the amount of HK$118,389,000 (2008: HK$205,445,000) were deposited in Hong Kong, investment properties of HK$22,900,000 (2008: HK$15,900,000) are situated in Hong Kong and certain other financial assets in the amount of HK$27,622,000 (2008: HK$44,037,000) are relating to equity securities listed in Hong Kong.

For the year ended 31 December 2009, external revenue of approximately HK$770,927,000 (eight months ended 31 December 2008: HK$512,182,000) is generated from 2 (eight months ended 31 December 2008: 2) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the power generation segment.

6 OTHER INCOME

	For the year ended 31 December 2009 ***HK$'000***	For the eight months period ended 31 December 2008 *HK$'000*
Government grants	**—**	37,923
Refund of value added tax *(note)*	**21,787**	11,196
Repairs and maintenance management fee income	**6,851**	8,031
Dividend income from financial assets at fair value through profit or loss	**120**	803
Others	**2,541**	8,177
	31,299	66,130

Note: During the year/period, government refunds were received from the relevant government authorities for encouraging the Group to operate environmental-friendly power plants.

7 OTHER GAINS, NET

	For the year ended 31 December 2009 ***HK$'000***	For the eight months period ended 31 December 2008 *HK$'000*
Fair value gain/(loss) on investment properties *(Note 18)*	**9,058**	(2,500)
Gains on disposal of subsidiaries	**62**	–
Others	**6,201**	7,852
	15,321	5,352

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Amortisation of land use rights and leasehold land prepayments *(Note 17)*	**2,331**	3,685
Less: Amounts capitalised in properties under development	**(1,186)**	(2,185)
Amortisation of land use rights and leasehold land prepayments, net	**1,145**	1,500
Amortisation of intangible assets *(Note 20)*	**631**	272
Auditor's remuneration	**2,400**	2,700
Depreciation of property, plant and equipment *(Note 16)*	**181,406**	118,354
Loss on disposal of property, plant and equipment	**80**	—
Operating lease rental in respect of leasehold land and buildings	**12,097**	6,874
Staff costs including directors' emoluments *(Note 11)*	**114,726**	69,064
Impairment on accounts and other receivables	**12,722**	–

9 FINANCE COSTS, NET

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Interest income from		
– bank deposits	**3,008**	5,070
– others	**–**	459
	3,008	5,529
Interest expense on		
– bank borrowings wholly repayable within five years	**(45,095)**	(11,259)
– bank borrowings not wholly repayable within five years	**(44,820)**	(29,113)
– other borrowings wholly repayable within five years	**(11,497)**	(36,276)
– interest on loan from a minority shareholder of a subsidiary (Note 38)	**(4,307)**	(11,404)
	(105,719)	(88,052)
Less: Amounts capitalised in property, plant and equipment and properties under development	**13,045**	9,496
	(92,674)	(78,556)
Finance costs, net	**(89,666)**	(73,027)

9 FINANCE COSTS, NET (Continued)

Amounts capitalised are borrowing costs related to funds borrowed for the purpose of obtaining qualifying assets. The weighted average interest rate on such capitalised borrowings is approximately 5.94% (eight months ended 31 December 2008: 5.27%) per annum.

10 TAXATION

No Hong Kong profits tax has been provided for as the Group did not have any assessable profit in Hong Kong for the year (eight months ended 31 December 2008: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (eight months ended 31 December 2008: 25%) on the estimated assessable income for the year.

Certain subsidiaries of the Group are entitled to a two-year exemption from income tax starting year 2008 followed by a 50% reduction in income tax rate at 12.5% towards year 2012, and at 25% thereafter.

There is no tax impact relating to components of other comprehensive income for the year ended 31 December 2009 (eight months ended 31 December 2008: Nil).

The amount of taxation charged to the consolidated income statement represents:

	For the year ended 31 December 2009 *HK$'000*	For the eight months period ended 31 December 2008 *HK$'000*
PRC current income tax	**20,834**	10,018
Under provision in prior years	**—**	2,474
Deferred income tax *(Note 32)*	**2,164**	755
	22,998	13,247

10 TAXATION (Continued)

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

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Profit before taxation	239,911	55,800
Share of losses of associated companies and jointly controlled entities	239	1,663
	240,150	57,463
Tax calculated at domestic tax rates applicable to profits in respective jurisdictions	60,754	22,966
Effect of lower tax rate for companies under tax holiday	(58,729)	(38,091)
Income not subject to taxation	(1,194)	(4,399)
Expenses not deductible for taxation purposes	2,011	24,255
Tax loss not recognised	16,162	8,879
Under provision in prior years	–	2,474
Others	3,994	(2,837)
Taxation	22,998	13,247

The weighted average applicable tax rate for the year ended 31 December 2009 is 25.3% (eight months ended 31 December 2008: 40.0%). The fluctuation in the weighted average applicable tax rate arose mainly because of the change in the relative profitability of the companies within the Group.

Share of taxation attributable to associated companies and jointly controlled entities for the year ended 31 December 2009 of HK$782,000 (eight months ended 31 December 2008: HK$552,000) are included in the Group's share of losses of associated companies and jointly controlled entities for the year/period.

11 STAFF COSTS

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Wages, salaries and bonuses	98,280	55,083
Pension costs – defined contribution plans	6,110	3,493
Staff welfare	10,336	10,488
	114,726	69,064

12 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$21,160,000 (eight months ended 31 December 2008: HK$41,470,000).

13 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the year/period.

	For the year ended 31 December 2009	For the eight months period ended 31 December 2008
Profit attributable to equity holders of the Company (HK$'000)	152,684	10,962
Weighted average number of shares in issue (shares in thousands)	7,020,100	7,037,809
Basic earnings per share (HK cents)	2.17	0.16

(b) Diluted

Diluted earnings per share for the year ended 31 December 2009 and for the period ended 31 December 2008 equals to the basic earnings per share as the potential ordinary shares outstanding during the year/period has an anti-dilutive effect on the basic earnings per share for the year/period.

14 DIVIDEND

The Board of Directors of the Company does not recommend the payment of a dividend for the year ended 31 December 2009 (eight months ended 31 December 2008: Nil).

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of each of the Directors of the Company for the year ended 31 December 2009 is set out below:

Name of director	Fees HK$'000	Basic salary, housing allowance, other allowances and benefits in kind HK$'000	Share-based compensation expenses HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Chairman						
Ms. Li Xiaolin	–	–	–	–	–	–
Executive directors						
Mr. Lai Leong *(note (i))*	–	910	–	–	7	917
Mr. Oxley Clive William *(note (ii))*	–	1,040	–	–	–	1,040
Mr. Wang Hao	–	910	–	–	4	914
Mr. Zhao Xinyan	–	–	–	–	–	–
Mr. Liu Genyu	–	1,040	–	–	4	1,044
Non-executive director						
Mr. Cheng Chi	–	–	–	–	–	–
Independent non-executive directors						
Dr. Chow King Wai	60	–	–	–	–	60
Mr. Chu Kar Wing	60	–	–	–	–	60
Mr. Wong Kwok Tai	60	–	–	–	–	60
Total	180	3,900	–	–	15	4,095

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of each of the Directors of the Company for the period ended 31 December 2008 is set out below:

Name of director	Fees *HK$'000*	Basic salary, housing allowance, other allowances and benefits in kind *HK$'000*	Share-based compensation expenses *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Total *HK$'000*
Chairman						
Ms. Li Xiaolin	–	–	–	–	–	–
Executive directors						
Mr. Lai Leong	–	1,072	–	–	8	1,080
Mr. Oxley Clive William	–	720	–	–	–	720
Mr. Wang Hao	–	630	–	–	–	630
Mr. Zhao Xinyan	–	–	–	–	–	–
Mr. Liu Genyu	–	713	–	–	–	713
Non-executive director						
Mr. Cheng Chi *(note (iii))*	–	–	–	–	–	–
Independent non-executive directors						
Dr. Chow King Wai	40	–	–	–	–	40
Mr. Chu Kar Wing	40	–	–	–	–	40
Mr. Wong Kwok Tai	40	–	–	–	–	40
Total	120	3,135	–	–	8	3,263

Notes:

(i) Mr. Lai Leong has resigned as an executive director of the Company effect from 10 June 2009.

(ii) Mr. Oxley Clive William has resigned as an executive director of the Company effect from 28 February 2010.

(iii) Mr. Cheng Chi has been re-designated from an executive director to a non-executive director of the Company with effect form 1 November 2008.

(iv) None of the directors of the Company waived any emoluments during the year ended 31 December 2009 or the period ended 31 December 2008.

15 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (eight months ended 31 December 2008: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (eight months ended 31 December 2008: 3) individuals during the year/period are as follows:

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Basic salaries, housing allowance, other allowances, and benefits in kind	**3,906**	2,672
Employers' contributions to pension schemes	**36**	17
	3,942	2,689

The emoluments fell within the following bands:

	Number of individuals	
	For the year ended 31 December 2009	For the eight months period ended 31 December 2008
Nil to HK$1,000,000	**–**	2
HK$1,000,001 to HK$2,000,000	**3**	1

(C) During the year/period, no emoluments have been paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

16 PROPERTY, PLANT AND EQUIPMENT

	Group						Company
	Buildings HK$'000	Dam HK$'000	Power generators and equipment HK$'000	Others HK$'000	Construction in progress HK$'000	Total HK$'000	Others HK$'000
Cost							
At 1 January 2009	533,465	603,614	2,367,399	139,123	286,020	3,929,621	911
Additions	24,403	–	42,182	19,290	544,173	630,048	–
Acquisition of a subsidiary	–	–	–	–	260,220	260,220	–
Refund of value added tax	–	–	(46,926)	–	–	(46,926)	–
Disposals	–	–	–	(1,005)	–	(1,005)	–
Disposal of subsidiaries	–	–	–	(3,000)	–	(3,000)	–
Transfer	5,930	–	54,629	275,344	(335,903)	–	–
Transferred from properties under development *(Note 19)*	62,137	–	–	–	–	62,137	–
Transfer to inventories	–	–	(48,028)	–	–	(48,028)	–
At 31 December 2009	625,935	603,614	2,369,256	429,752	754,510	4,783,067	911
Accumulated depreciation and impairment losses							
At 1 January 2009	24,966	17,400	168,009	31,309	–	241,684	502
Depreciation charge for the year	30,531	13,416	104,386	33,073	–	181,406	212
Disposal of subsidiaries	–	–	–	(2,017)	–	(2,017)	–
Written back on disposal	–	–	–	(470)	–	(470)	–
Transfer to inventories	–	–	(5,298)	–	–	(5,298)	–
At 31 December 2009	55,497	30,816	267,097	61,895	–	415,305	714
Net book value							
At 31 December 2009	570,438	572,798	2,102,159	367,857	754,510	4,367,762	197

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group						Company
	Buildings HK$'000	Dam HK$'000	Power generators and equipment HK$'000	Others HK$'000	Construction in progress HK$'000	Total HK$'000	Others HK$'000
Cost							
At 1 May 2008	524,903	590,758	1,968,013	121,793	142,252	3,347,719	911
Exchange adjustments	12,153	12,856	15,699	3,193	3,384	47,285	–
Additions	1,227	–	378,860	9,351	145,179	534,617	–
Transfer	(4,818)	–	4,827	4,786	(4,795)	–	–
At 31 December 2008	533,465	603,614	2,367,399	139,123	286,020	3,929,621	911
Accumulated depreciation and impairment losses							
At 1 May 2008	12,858	3,008	84,693	17,549	–	118,108	332
Exchange adjustments	1,024	675	1,433	2,090	–	5,222	–
Depreciation charge for the period	11,084	13,717	81,883	11,670	–	118,354	170
At 31 December 2008	24,966	17,400	168,009	31,309	–	241,684	502
Net book value							
At 31 December 2008	508,499	586,214	2,199,390	107,814	286,020	3,687,937	409

Notes:

(i) As at 31 December 2009, certain of the Group's property, plant and equipment with carrying value of HK$1,145,394,000 (2008: HK$1,182,888,000) were situated on leasehold land in the PRC leased from China Power Investment Corporation (中國電力投資集團公司) ("CPI Group") which held the rights on the leasehold land under long-term leases. The remaining period of the Group's rights on the leasehold land as at 31 December 2009 was 46 years (2008: 47 years).

(ii) As at 31 December 2009, the legal title of certain of the Group's buildings and construction in progress with carrying amount of HK$282,690,000 (2008: HK$166,603,000) had not been transferred to the Group subject to certain administrative procedures to be completed by the relevant local government authorities. However, the Directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

(iii) As at 31 December 2009, property, plant and equipment amounting to HK$1,296,469,000 (2008: Nil) were pledged as securities for certain bank and other borrowings of the Group (Notes 31 (a), (d) and (f)).

17 LAND USE RIGHTS AND LEASEHOLD LAND PREPAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Cost		
At beginning of the year/period	**264,908**	259,658
Exchange adjustments	**–**	1,737
Additions	**6,755**	3,513
Transferred to investment properties *(Note 18)*	**(111,259)**	–
At end of the year/period	**160,404**	264,908
Accumulated amortisation and impairment losses		
At beginning of the year/period	**6,383**	2,655
Exchange adjustments	**–**	43
Amortisation for the year/period	**2,331**	3,685
At end of the year/period	**8,714**	6,383
Net book amount		
At end of the year/period	**151,690**	258,525

The amount represents cost of the land use rights and leasehold land prepayments in respect of land located in the PRC where certain of the Group's property, plant and equipment and properties under development are built on. As at 31 December 2009, the remaining period of the land use rights ranged between 22 to 47 years (2008: 23 to 48 years).

As at 31 December 2009, land use rights and leasehold land prepayments amounting to HK$23,289,000 were pledged as security for certain other borrowings of the Group (Note 31(d)).

As at 31 December 2008, land use rights and leasehold land prepayments in respect of properties under development amounting to HK$159,624,000 were pledged as security for certain bank borrowings of the Group (Note 31(f)).

18 INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of the year/period	**15,900**	18,400
Transferred from land use rights and leasehold land prepayments *(Note 17)*	**111,259**	–
Transferred from properties under development *(Note 19)*	**147,035**	–
Fair value gain/(loss) *(Note 7)*	**9,058**	(2,500)
At end of the year/period	**283,252**	15,900

18 INVESTMENT PROPERTIES (Continued)

The investment properties are revalued at 31 December 2009 by BMI Appraisals Limited, an independent qualified professional firm of valuers, based on current prices in an active market.

The Group's interests in investment properties at their net book values are analysed as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
In Hong Kong, held on leases of over 50 years	**22,900**	15,900
In the PRC, held on leases of over 50 years	**260,352**	–
	283,252	15,900

As at 31 December 2009 and 2008, all investment properties were pledged as security for certain bank borrowings of the Group (Note 31(a)).

19 PROPERTIES UNDER DEVELOPMENT

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of the year/period	**167,429**	85,892
Exchange adjustments	**–**	4,415
Additions	**41,743**	77,122
Transferred to property, plant and equipment *(Note 16)*	**(62,137)**	–
Transferred to investment properties *(Note 18)*	**(147,035)**	–
At end of the year/period	**–**	167,429

As at 31 December 2008, the properties under development of the Group were pledged as security for certain bank and other borrowings of the Group (Note 31 (f)).

20 INTANGIBLE ASSETS

Group	Goodwill *HK$'000*	Patents, franchise and others *HK$'000*	Total *HK$'000*
Cost			
At 1 January 2009	**1,162,290**	**58,739**	**1,221,029**
Additions	**–**	**211**	**211**
At 31 December 2009	**1,162,290**	**58,950**	**1,221,240**
Accumulated amortisation and impairment losses			
At 1 January 2009	**–**	**28,358**	**28,358**
Amortisation charge for the year	**–**	**631**	**631**
At 31 December 2009	**–**	**28,989**	**28,989**
Net book amount			
At 31 December 2009	**1,162,290**	**29,961**	**1,192,251**
Cost			
At 1 May 2008	1,076,835	53,982	1,130,817
Exchange adjustments	94,022	4,757	98,779
Disposal of a subsidiary	(8,567)	–	(8,567)
At 31 December 2008	1,162,290	58,739	1,221,029
Accumulated amortisation and impairment losses			
At 1 May 2008	–	26,128	26,128
Exchange adjustments	–	1,958	1,958
Amortisation charge for the period	–	272	272
At 31 December 2008	–	28,358	28,358
Net book amount			
At 31 December 2008	1,162,290	30,381	1,192,671

20 INTANGIBLE ASSETS (Continued)

A segment-level summary of goodwill allocation at cost before impairment is presented below:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Natural gas and oil power generation	**592,784**	592,784
Wind power generation	**392,418**	392,418
Other power generation	**177,088**	177,088
	1,162,290	1,162,290

For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period.

There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Management prepared the financial budgets taking into account actual and prior year performance and market development expectations. The pre-tax discount rate used for value-in-use calculations for goodwill is 9% (2008: 9%). Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the cash-generating unit. Other key assumptions applied in the impairment tests include the expected tariff rates, demands for electricity in the region where the power plants are located and fuel costs.

At 31 December 2009, if the pre-tax discount rate applied to the discounted cash flows had been 1% higher/lower, with all other variables held constant, goodwill will be impaired by approximately HK$17,629,000 (2008: HK$24,622,000) or otherwise no impairment charge will be required.

At 31 December 2009, if the budgeted fuel costs applied to the discounted cash flows had been 8% higher/lower, goodwill will be impaired by approximately HK$24,463,000 (2008: HK$25,853,000) or otherwise no impairment charge will be required.

21 INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	*HK$'000*
Unlisted investments, at cost	**156**	166
Less: Impairment losses *(note (i))*	**(78)**	(88)
	78	78
Amounts due from subsidiaries *(note (ii))*	**4,023,751**	3,908,001
Less: Impairment losses *(note (i))*	**(44,668)**	(34,562)
	3,979,083	3,873,439
	3,979,161	3,873,517

Notes:

(i) Movements in the impairment losses:

	Company	
	2009	2008
	HK$'000	*HK$'000*
At beginning of the year/period	**34,650**	35,368
Amounts provided/(reversed) during the year/period	**10,096**	(718)
At end of the year/period	**44,746**	34,650

(ii) The amounts due from subsidiaries are unsecured and interest-free. Except for an amount totalling HK$22,121,000 (2008: HK$42,441,000) which is repayable on demand, the amounts due from subsidiaries are considered as capital in nature.

21 INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(iii) The following is a list of principal subsidiaries as at 31 December 2009:

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held directly:					
Lucky Talent Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Securities trading
Interests held indirectly:					
Delux Vantage Limited	British Virgin Islands/ Hong Kong	1 share of US$1	100%	Limited liability company	Property holdings
China Power (New Energy) Holdings Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Investment holdings
Oriental Board Limited	Hong Kong	1 share of HK$1	100%	Limited liability company	Consultancy
Zhongdian Hongze Thermal Power Company Limited ("中電(洪澤)熱電有限公司")	PRC	RMB30,000,000	60%	Sino-foreign equity joint venture	Generation and sales of electricity
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%	Wholly foreign-owned enterprise	Generation and sales of electricity
上海龍圖實業發展有限公司	PRC	RMB60,000,000	100%	Limited liability company	Property development
China Power International New Energy Holding Limited ("中電國際新能源控股有限公司")	PRC	US$56,250,000	100%	Wholly foreign-owned enterprise	Investment holdings
CPI (Fujian) Power Development Limited ("中電(福建)電力開發有限公司")	PRC	RMB632,750,000	100%	Wholly foreign-owned enterprise	Generation and sales of electricity
Gansu China Power Jiuquan Wind Power Company Limited ("甘肅中電酒泉風力發電有限公司")	PRC	RMB139,003,619	90%	Sino-foreign equity joint venture	Generation and sales of electricity
Gansu China Power Jinquan Second Wind Power Company Limited ("甘肅中電酒泉第二風力發電有限公司")	PRC	RMB146,899,600	100%	Wholly foreign-owned enterprise	Generation and sales of electricity
東莞市科偉環保電力有限公司 ("Kewei")	PRC	RMB60,000,000	40% *(note)*	Sino-foreign equity joint venture	Generation and sales of electricity
甘肅中電科耀新能源裝備有限公司	PRC	RMB9,100,000	51%	Sino-foreign equity joint-venture	Manufacturing of equipment
東莞中電新能源熱電有限公司 (formerly known as 東莞東城東興熱電有限公司)	PRC	US$43,435,965	80%	Sino-foreign equity joint-venture	Generation and sales of electricity

21 INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(iii) The following is a list of principal subsidiaries as at 31 December 2009:

Name of companies	Place of establishment and operation	Paid up/ issued capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly: (Continued)					
浙江德清縣佳能垃圾焚燒發電有限公司	PRC	RMB54,900,000	100%	Wholly foreign-owned enterprise	Development of power plant
Yunnan Shuangxing Green Energy Company Limited ("雲南雙星綠色能源有限公司")	PRC	RMB116,800,000	60%	Sino-foreign equity joint-venture	Development of power plant
Ehangping Huakou Hydro Power Company Limited ("漳平市華口水電有限公司")	PRC	RMB90,000,000	51%	Sino-foreign equity joint-venture	Development of power plant
甘肅中電酒泉第三風力發電有限公司	PRC	RMB99,127,374	100%	Wholly foreign-owned enterprise	Development of power plant
甘肅中電第四風力發電有限公司	PRC	RMB51,064,464	100%	Wholly foreign-owned enterprise	Development of power plant
海林中電海浪風力發電有限公司	PRC	US$3,177,000	100%	Wholly foreign-owned enterprise	Development of power plant
海林中電紅旗風力發電有限公司	PRC	US$3,240,000	100%	Wholly foreign-owned enterprise	Development of power plant
海口中電新能源環保電力有限公司	PRC	RMB24,051,456	70%	Sino-foreign equity joint venture	Development of power plant

Note:

In accordance with the relevant terms as stipulated in the shareholders' agreement dated 1 August 2007, the Group has attained a majority voting power to control the financial and operating policies of Kewei. Consequently, Kewei is accounted for as a subsidiary of the Group.

22 INTERESTS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

	Group 2009 HK$'000	Group 2008 HK$'000
Share of net assets	288,588	218,755
Goodwill	543	–
	289,131	218,755

Notes:

(i) The following are the details of the associated companies and jointly controlled entities as at 31 December 2009:

Name of companies	Place of establishment and operation	Paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activities
Interests held indirectly:					
Jointly controlled entity:					
福建壽寧牛頭山水電有限公司 (Fujian Shou Ning Nu Tou Shan Hydro Power Company Limited) ("Nu Tou Shan")	PRC	RMB130,000,000	52% *(note)*	Limited liability company	Generation and sale of electricity
Associated company:					
上海東海風力發電有限公司 (Shanghai Dong Hai Wind Power Electric Generating Company Limited)	PRC	RMB460,000,000	24%	Limited liability company	Generation and sale of electricity

Note:

In accordance with the relevant terms as stipulated in the revised shareholders' agreement, the Group has attained joint control over the financial and operating policies of Nu Tou Shan. Consequently, Nu Tou Shan is accounted for as a jointly controlled entity of the Group as at 31 December 2009.

22 INTERESTS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES (Continued)

Notes: (Continued)

(ii) The following is an extract of the aggregate operating results and financial position of the associated companies and jointly controlled entities, based on a set of unaudited management accounts of the associated companies and jointly controlled entities for the year/period prepared by management of the Group in accordance with those relevant accounting policies as set out in Note 2.

	For the year ended 31 December 2009 *HK$'000*	For the eight months period ended 31 December 2008 *HK$'000*
Operating results		
Revenue	**89,424**	54,458
Profit/(loss) before taxation	**780**	(3,528)
Loss after taxation	**(724)**	(1,644)

	2009 *HK$'000*	2008 *HK$'000*
Financial position		
Non-current assets	**2,100,678**	961,623
Current assets	**584,552**	533,213
Current liabilities	**(89,596)**	(362,483)
Long-term liabilities	**(1,911,566)**	(483,141)
Net assets	**684,068**	649,212

(iii) No dividend income was received from the associated companies and jointly controlled entities for the year (eight months ended 31 December 2008: Nil).

23 OTHER LONG-TERM DEPOSITS AND PREPAYMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Prepayment for construction of power plants	**274,478**	47,646
Prepayment for acquisition of additional equity interest in an associated company *(Note 36(b))*	**–**	53,141
	274,478	100,787

24 INVENTORIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Raw materials	**35,981**	99,706
Work in progress	**–**	10,151
Spare parts and consumables	**77,353**	62,070
	113,334	171,927

25 ACCOUNTS RECEIVABLE

	Group	
	2009	2008
	HK$'000	*HK$'000*
Accounts receivable from provincial power grid companies	**185,675**	66,811
Accounts receivable from other companies	**20,860**	20,744
Tariff adjustment receivable from the relevant government authorities	**157,260**	54,649
	363,795	142,204
Notes receivable *(note)*	**—**	728
	363,795	142,932

The carrying values of accounts receivable approximate their fair values due to their short maturities. All the above receivables are denominated in RMB.

25 ACCOUNTS RECEIVABLE (Continued)

The Group normally grants 30 to 60 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of accounts receivable is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Less than 3 months	**261,287**	126,666
4 to 6 months	**86,739**	15,538
7 to 12 months	**13,174**	—
Over 1 year	**2,595**	—
	363,795	142,204

The credit quality of accounts receivable that are neither past due nor impaired can be assessed by reference to the historical information about counterparty default rates. The existing counterparties do not have significant default in the past.

As of 31 December 2009, receivables of HK$201,830,000 (2008: HK$18,412,000) were past due but not considered to be impaired because the relevant debtors have no recent history of default. The ageing analysis of these receivables is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Over due		
Less than 1 month	**–**	2,874
1 to 3 months	**99,322**	–
4 to 6 months	**86,739**	15,538
7 to 12 months	**13,174**	–
Over 1 year	**2,595**	–
	201,830	18,412

Note:

As at 31 December 2008, notes receivable represented commercial acceptance notes and are with maturity period of 180 to 360 days.

26 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments and deposits	87,596	76,556	15	849
Value added tax receivables	20,855	25,140	–	–
Amounts due from a shareholder *(note (i))*	6,885	20,233	–	–
Amounts due from minority shareholders of subsidiaries *(note (i))*	65,312	52,719	–	–
Loan to an associated company *(note (ii))*	28,473	28,422	–	–
Amount due from CPI Finance Company ("CPIF") *(note (iii))*	888	23,071	–	–
Other receivables	37,908	48,160	159	429
	247,917	274,301	174	1,278
Denominated in:				
HK$	6,959	7,192	174	1,278
RMB	240,958	267,109	–	–
	247,917	274,301	174	1,278

Notes:

(i) Except for an amount due from a shareholder of HK$13,347,000 as at 31 December 2008 which carried interest at floating rates based on daily bank deposit rates, the amounts due from a shareholder and minority shareholders of subsidiaries are unsecured, interest-free and are repayable on demand.

(ii) The loan to an associated company is unsecured, carries interest at 5.84% per annum (2008: 6.14%) and was originally repayable by 16 December 2009. On 17 December 2009, the loan was extended for further one year and is repayable by 17 December 2010.

(iii) The amount due from CPIF, a subsidiary of a shareholder, is unsecured, carries interest at 0.36% (2008: 3.42%) per annum and is repayable on demand.

27 OTHER FINANCIAL ASSETS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets at fair value through profit or loss				
Listed equity securities				
– in Hong Kong	**27,622**	44,037	**25,591**	10,236
Available-for-sale financial assets	**–**	26,150	**–**	–
	27,622	70,187	**25,591**	10,236
Denominated in:				
HK$	**27,622**	44,037	**25,591**	10,236
RMB	**–**	26,150	**–**	–
	27,622	70,187	**25,591**	10,236

28 PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at bank and in hand	**499,736**	289,169	**102,448**	20,598
Time deposits with initial terms of less than three months	**105,869**	362,981	**–**	222,764
	605,605	652,150	**102,448**	243,362
Less: Pledged deposits	**(65,218)**	(170,491)	**–**	(150,000)
Cash and cash equivalents	**540,387**	481,659	**102,448**	93,362
Denominated in:				
HK$	**117,072**	362,139	**102,448**	243,362
RMB	**486,540**	244,392	**–**	–
US$	**1,993**	45,619	**–**	–
	605,605	652,150	**102,448**	243,362

28 PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Notes:

(i) The weighted average effective interest rate on time deposits, with maturity ranging from 1 to 3 months, was 1.25% (2008: 1.08%) per annum. Cash at bank earns interest at floating rates based on daily bank deposit rates.

(ii) The Group's cash and cash equivalents denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(iii) As at 31 December 2009, the pledged deposits of the Group with carrying amount of approximately HK$65,218,000 (2008: HK$170,491,000) were pledged as security for certain notes payable (Note 33) and short-term bank borrowings (Note 31(f)) of the Group.

29 SHARE CAPITAL

(a) Authorised and issued capital

	Company	
	Number of shares (of HK$0.10 each)	**Nominal amount** *HK$'000*
Authorised:		
At 1 May 2008, 31 December 2008, 1 January 2009 and 31 December 2009	10,000,000,000	1,000,000
Issued and fully paid:		
At 1 May 2008	7,043,680,000	704,368
Repurchase of shares *(note)*	(23,580,000)	(2,358)
At 31 December 2008 and 1 January and 31 December 2009	7,020,100,000	702,010

29 SHARE CAPITAL (Continued)

(a) Authorised and issued capital (Continued)

Note:

During the period ended 31 December 2008, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month	Number of shares repurchased	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate consideration paid *HK$'000*
September 2008	23,580,000	0.60	0.46	12,589

The shares repurchased were cancelled and an amount equivalent to the nominal value of these shares of HK$2,358,000 was transferred from the Company's accumulated losses to the capital redemption reserve. The premium paid on the repurchased shares were charged against share premium.

(b) Share option scheme

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 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.

All of the options were vested to the option holders from the date of grant.

29 SHARE CAPITAL (Continued)

(b) Share option scheme (Continued)

Details of the options granted under the option scheme outstanding as at 31 December 2009 and 31 December 2008 are as follows:

Date of grant	Expiry date	Exercise price	Number of shares subject to the option at 31 December 2009	Number of shares subject to the options at 30 December 2008
Directors				
9 March 2007	8 March 2017	0.630	30,000,000	30,000,000
8 June 2007	7 June 2017	0.836	59,000,000	59,000,000
			89,000,000	89,000,000
Senior management and other employees				
9 March 2007	8 March 2017	0.630	119,500,000	120,000,000
8 June 2007	7 June 2017	0.836	6,000,000	25,000,000
			125,500,000	145,000,000
			214,500,000	234,000,000

29 SHARE CAPITAL (Continued)

(b) Share option scheme (Continued)

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	For the year ended 31 December 2009		For the eight months period ended 31 December 2008	
	Average exercise price in HK$ per share	**Number of options**	Average exercise price in HK$ per share	Number of options
At beginning of the year/period	**0.704**	**234,000,000**	0.704	234,000,000
Lapsed	**0.831**	**(19,500,000)**		–
At end of the year/period	**0.692**	**214,500,000**	0.704	234,000,000

Consideration in connection with all options granted was received. Save as mentioned above, no other share options granted under the option scheme were cancelled or exercised during the year. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted under the option scheme determined using the Black-Scholes Option Pricing Model were as follows:

	Date of grant of share options	
	8 June 2007	9 March 2007
Option value	HK$0.1161	HK$0.125
Significant inputs into the valuation model:		
Exercise price	HK$0.836	HK$0.63
Share price at grant date	HK$0.82	HK$0.63
Expected volatility *(Note)*	82.86%	86.47%
Risk-free interest rate	3.968%	3.751%
Expected life of options	10 years	10 years
Expected dividend yield	0%	0%

Note:

The expected volatility is estimated based on the historical volatility of the Company (calculated based on the weighted average remaining life of the share option), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends.

30 RESERVES

Group

	Note	Capital redemption reserve HK$'000	Statutory reserves (note) HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Exchange reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
At 1 January 2009		3,439	4,241	–	28,513	226,618	(20,556)	242,255
Currency translation differences		–	–	–	–	70	–	70
Profit for the year		–	–	–	–	–	152,684	152,684
At 31 December 2009		3,439	4,241	–	28,513	226,688	132,128	395,009
At 1 May 2008		1,081	2,875	110,848	28,513	93,742	(138,642)	98,417
Currency translation differences		–	–	–	–	132,876	–	132,876
Repurchase of shares	29(a)	2,358	–	–	–	–	(2,358)	–
Transfer		–	1,366	(110,848)	–	–	109,482	–
Profit for the period		–	–	–	–	–	10,962	10,962
At 31 December 2008		3,439	4,241	–	28,513	226,618	(20,556)	242,255

Company

	Note	Capital redemption reserve HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2009		3,439	28,513	(242,005)	(210,053)
Loss for the year		–	–	(21,160)	(21,160)
At 31 December 2009		3,439	28,513	(263,165)	(231,213)
At 1 May 2008		1,081	28,513	(198,177)	(168,583)
Repurchase of shares	29(a)	2,358	–	(2,358)	–
Loss for the period		–	–	(41,470)	(41,470)
At 31 December 2008		3,439	28,513	(242,005)	(210,053)

Note:

Statutory reserves are non-distributable and the transfers to these funds are determined by the Board of Directors of the relevant PRC subsidiaries and associated company in accordance with the relevant laws and regulations in the PRC.

31 BANK AND OTHER BORROWINGS

Bank and other borrowings are analysed as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Non-current borrowings		
Long-term bank borrowings, secured *(note (a))*	**740,456**	10,710
Long-term bank borrowings, unsecured *(note (b))*	**937,950**	844,724
Loan from a minority shareholder of a subsidiary, unsecured *(note (c))*	**–**	112,554
Long-term other borrowings, secured *(note (d))*	**144,387**	–
Long-term other borrowings, unsecured *(note (e))*	**–**	687,831
	1,822,793	1,655,819
Less: current portion of long-term bank borrowings		
– secured	**(38,329)**	(345)
– unsecured	**(76,174)**	(59,118)
current portion of long-term other borrowings		
– unsecured	**–**	(653,724)
	(114,503)	(713,187)
Non-current portion	**1,708,290**	942,632
Current		
Short-term bank borrowings, secured *(note (f))*	**90,953**	113,691
Short-term bank borrowings, unsecured	**320,610**	22,738
	411,563	136,429
Current portion of long-term borrowings	**114,503**	713,187
	526,066	849,616
Total borrowings	**2,234,356**	1,792,248

31 BANK AND OTHER BORROWINGS (Continued)

Movements in bank and other borrowings are analysed as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of year/period	**1,792,248**	1,782,504
Additions	**1,973,678**	312,650
Repayments	**(1,531,570)**	(334,231)
Exchange differences	**–**	31,325
Balance at end of year/period	**2,234,356**	1,792,248

The repayment terms of the non-current borrowings are analysed as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Wholly repayable within five years	**451,353**	170,537
Not wholly repayable within five years	**1,371,440**	1,485,282
	1,822,793	1,655,819

The Group's non-current borrowings were repayable as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within one year	**114,503**	713,187
In the second year	**195,951**	93,570
In the third to fifth year	**577,619**	290,950
After the fifth year	**934,720**	558,112
	1,822,793	1,655,819

Except for the long-term bank borrowings of HK$10,286,000 (2008: HK$10,710,000) which are denominated in HK$, all borrowings are denominated in RMB.

31 BANK AND OTHER BORROWINGS (Continued)

All of the bank and other borrowings are interest bearing at floating rates. The effective interest rate of the Group's HK$-denominated long-term bank borrowing is 0.93% (2008: 2.43%) per annum. The effective interest rates of the Group's RMB-denominated bank and other borrowings are as follows:

	2009	2008
Long-term bank borrowings	5.47%	5.41%
Loan from a minority shareholder of a subsidiary	–	5.76%
Long-term other borrowings	5.64%	5.69%
Short-term bank borrowings	4.83%	5.06%

Notes:

(a) Secured long-term bank borrowings are secured by:

- all investment properties of the Group with a carrying amount of HK$283,252,000 (2008: HK$15,900,000);
- certain leasehold land prepayments and property, plant and equipment of the Group with a carrying amount of HK$932,906,000 (2008: Nil);
- personal guarantee given by a key management of the Company; and
- corporate guarantee given by a shareholder, China Power International Holding Limited ("CPIH").

(b) Unsecured long-term bank borrowings amounting to the extent of HK$610,520,670 (2008: HK$844,724,000) are guaranteed by CPIH.

(c) As at 31 December 2008, the loan from a minority shareholder of a subsidiary is unsecured, carried interest and fully repaid during the year.

(d) Secured long-term other borrowings represent borrowings obtained from certain PRC local financial bureaus, are guaranteed by certain former shareholders and minority shareholders of certain subsidiaries of the Group and are secured by:

- certain leasehold land prepayments and buildings with a carrying amount of 37,513,000 (2008: Nil); and
- certain property, plant and equipment of the Group with a carrying amount of HK$136,429,000 (2008: Nil).

(e) As at 31 December 2008, unsecured long-term other borrowings represent borrowings obtained from certain PRC local financial bureaus and are guaranteed by certain former shareholders and minority shareholders of certain subsidiaries of the Group.

(f) As at 31 December 2009, short-term bank borrowings of HK$22,738,000 are secured by certain property, plant and equipment of the Group with a carrying amount of HK$212,910,000.

As at 31 December 2008, short-term bank borrowings of HK$113,691,000 were secured by a bank deposit of the Group amounting to HK$150,000,000; the properties under development of the Group with a carrying amount of HK$327,053,000 (including the relevant portion of land use rights); and a corporate guarantee given by the Company.

(g) As at 31 December 2009, a long-term bank borrowing amounting to HK$68,215,000 (2008: Nil) was reclassified as a current liability as a subsidiary of the Group did not fulfill a financial ratio as required in the loan agreement. Management has informed the bank which, taking into account of the Group's financial position, has not requested immediate repayment.

32 DEFERRED INCOME TAX

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Deferred income tax assets	**29,577**	31,382
Deferred income tax liabilities	**(16,590)**	(7,187)
Net deferred income tax assets	**12,987**	24,195

The net movement on the deferred income tax assets is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
At beginning of the year/period	**24,195**	24,905
Exchange adjustments	**–**	45
Acquisition of a subsidiary	**(9,339)**	–
Disposal of subsidiaries	**295**	–
Charged to the consolidated income statement *(Note 10)*	**(2,164)**	(755)
At end of the year/period	**12,987**	24,195

32 DEFERRED INCOME TAX (Continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets:

	Group		
	Depreciation allowances *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
At 1 January 2009	30,557	825	31,382
Charged to the consolidated income statement	(1,805)	–	(1,805)
At 31 December 2009	28,752	825	29,577
At 1 May 2008	31,463	840	32,303
Exchange adjustments	45	–	45
Charged to the consolidated income statement	(951)	(15)	(966)
At 31 December 2008	30,557	825	31,382

Deferred tax liabilities:

	Group		
	Depreciation allowances *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
At 1 January 2009	(7,187)	–	(7,187)
Credited/(charged) to the consolidated income statement	156	(515)	(359)
Disposal of subsidiaries	295	–	295
Acquisition of a subsidiary	(9,339)	–	(9,339)
At 31 December 2009	(16,075)	(515)	(16,590)
At 1 May 2008	(7,398)	–	(7,398)
Credited to the consolidated income statement	211	–	211
At 31 December 2008	(7,187)	–	(7,187)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2009, the Group had unrecognised tax losses of HK$48,134,000 (2008: HK$37,026,000) for Hong Kong profits tax purposes with no expiry date and unrecognised tax losses of HK$104,839,000 (2008: HK$44,320,000) for the PRC corporate income tax that will expire within five years.

Deferred income tax liabilities to the extent of HK$30,997,000 (2008: HK$13,323,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries because the Directors consider that the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Unremitted earnings totalled HK$309,974,000 (2008: HK$133,229,000) as at 31 December 2009.

33 ACCOUNTS PAYABLE

	Group	
	2009	2008
	HK$'000	*HK$'000*
Accounts payable *(Note (i))*	**29,762**	23,876
Notes payable *(Note (ii))*	**221,451**	59,116
	251,213	82,992

The carrying amounts of accounts and notes payable approximate their fair values due to their short maturities. All these payables are denominated in RMB.

Notes:

(i) The normal credit period for accounts payable generally ranges from 60 to 180 days. Ageing analysis of accounts payable is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Current to 3 months	**24,974**	22,847
4 to 6 months	**1,014**	—
7 to 12 months	**821**	666
Over 1 year	**2,953**	363
	29,762	23,876

(ii) Notes payable are normally with maturity period of 90 to 180 days (2008: 90 to 180 days).

As at 31 December 2009, notes payable of HK$220,128,000 (2008: HK$57,414,000) were drawn under the banking facilities which were secured by a bank deposit of the Group amounting to HK$65,218,000 (2008:HK$20,491,000) and a corporate guarantee given by a minority shareholder of a subsidiary.

34 OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Construction cost payable	**208,477**	141,477	**–**	–
Salaries and staff welfare payable	**24,546**	20,872	**–**	240
Value added tax payable	**6,581**	7,619	**–**	–
Repairs and maintenance expenses payable	**13,962**	15,945	**–**	–
Other payables and accrued operating expenses	**33,421**	89,708	**3,823**	4,312
Amounts due to a shareholder and its subsidiaries *(note)*	**8,394**	1,502	**–**	–
Amounts due to subsidiaries *(note)*	**–**	–	**13,581**	12,923
Amounts due to minority shareholders *(note)*	**78,242**	28,186	**–**	–
	373,623	305,309	**17,404**	17,475
Denominated in:				
HK$	**18,075**	45,389	**17,404**	17,475
RMB	**355,548**	259,920	**–**	–
	373,623	305,309	**17,404**	17,475

Note:

Balances are unsecured, interest-free and repayable on demand.

35 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit before taxation to cash generated from operations

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Profit before taxation	239,911	55,800
Adjustments for:		
Interest income	(3,008)	(5,529)
Finance costs	92,674	78,556
Depreciation and amortisation	183,182	120,126
Loss on disposal of property, plant and equipment	80	–
Fair value (gain)/loss on investment properties	(9,058)	2,500
Gain on disposal of subsidiaries	(62)	–
Discount on acquisition of a subsidiary	(13,989)	–
Share of losses of associated companies and joint controlled entities	239	1,663
Fair value (gain)/loss on financial asset at fair value through profit or loss	(10,721)	65,814
Dividend income from financial assets at fair value through profit or loss	(120)	–
Impairment on accounts and other receivables	12,722	–
Operating profit before working capital changes	491,850	318,930
Decrease/(increase) in other financial assets	53,286	(4,940)
Decrease in inventories	114,368	31,556
(Increase)/decrease in accounts receivable	(220,863)	91,822
Decrease in prepayments, deposits and other receivables	26,522	248,605
Increase/(decrease) in account payable	168,221	(123,706)
Decrease in other payables and accrued charges	(184,877)	(116,798)
Cash generated from operations	448,507	445,469

35 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Disposal of subsidiaries

	For the year ended 31 December 2009 HK$'000	For the eight months period ended 31 December 2008 HK$'000
Net assets disposed of:		
Property, plant and equipment	983	–
Goodwill	–	8,567
Prepayments, deposits and other receivables	170	20,433
Deferred income tax liabilities	(295)	–
	858	29,000
Consideration	920	29,000
Gains on disposal of subsidiaries	62	–
Satisfied by:		
Cash	920	29,000
Cash consideration	920	29,000
Sales consideration receivable included in prepayments, deposits and other receivables	–	(8,567)
Cash inflow on disposal of subsidiaries	920	20,433

36 ACQUISITIONS

(a) Acquisition of a subsidiary

Effective from 16 March 2009, the Group acquired 51% equity interests in 漳平市華口水電有限公司 (Zhangping Huakou Hydro Power Company Limited ("Haukou")) from certain independent third parties for a consideration of approximately RMB62,200,000 (equivalent to approximately HK$70,716,000). As a result, the Group has recognised a discount on acquisition of approximately HK$13,989,000 on such acquisition representing the excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over consideration paid.

The acquired business contributed no revenue or loss to the Group for the period from 16 March 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, no revenue or loss would have been contributed to the Group for the year.

Details of net assets acquired and discount on acquisition arising are as follows:

	HK$'000
Purchase consideration:	
– Cash paid	5,798
– Assignment of shareholders' loans	64,918
– Direct costs relating to the acquisition	300
Total purchase consideration	71,016
Fair value of net assets acquired – shown as below	(85,005)
Discount on acquisition	(13,989)

	Acquiree's carrying amount *HK$'000*	**Fair value** *HK$'000*
Property, plant and equipment	222,865	260,220
Prepayments, deposits and other receivables	12,959	12,960
Cash and cash equivalents	26,654	26,654
Other payables and accrued charges	(28,503)	(28,503)
Shareholders' loans	(157,688)	(157,688)
Deferred income tax liabilities	–	(9,339)
Minority interests	(5,571)	(19,299)
Net assets acquired, at fair value	70,716	85,005
Purchase consideration		71,016
Cash and cash equivalents in subsidiary acquired		(26,654)
Cash outflow on acquisition		44,362

36 ACQUISITIONS (Continued)

(b) Acquisitions of additional 19% equity interests in a jointly controlled entity

During the period ended 31 December 2008, the Group proposed to acquire additional 17% equity interests in Nu Tou Shan, at a consideration of RMB46,742,000 (equivalent to approximately HK$53,141,000) (Note 23). As at 31 December 2008, the transaction was not yet completed and the consideration paid was recorded as a prepayment (Note 23). On 9 January 2009, the Group entered into another purchase agreement with another independent third party of the Group to acquire further 2% equity interests in Nu Tou Shan at a consideration of RMB5,490,000 (equivalent to approximately HK$6,242,000), subject to certain conditions precedent. In December 2009, the Group successfully completed the acquisitions of additional 19% equity interests in Nu Tou Shan upon the completion of those of conditions precedent. The aggregate consideration for the acquisitions is approximately RMB52,232,000 (equivalent to approximately HK$59,383,000).

Nu Tou Shan was previously an associated company of the Group. Upon the completion of the acquisitions, Nu Tou Shan is subject to joint control by the Group and other joint venture partners. Accordingly, it is classified as a jointly controlled entity.

The fair value of the Group's 19% share of Nu Tou Shan's identifiable assets acquired and liabilities and contingent liabilities assumed could only be determined on a provision basis pending completion of the fair value appraisal process. The Group is still in the process of identifying and valuing intangible assets that can be recognised separately from goodwill. Adjustments to those provisional values of identifiable assets and liabilities, including any additional depreciation, amortisation, and other profit or loss effect, if any, will be recognised on completion of the initial accounting.

Set forth below is a preliminary calculation of goodwill:

	HK$'000
Total cash consideration paid	59,383
Less: Share of fair value of net assets acquired, determined provisionally	(58,840)
Goodwill	543

37 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Contracted but not provided for in respect of				
– property, plant and equipment	**2,903,907**	221,287	**–**	–
– investments in associated companies and jointly controlled entities	**42,310**	1,688	**–**	–
– construction of properties under development	**–**	34,592	**–**	–
	2,946,217	257,567	**–**	–

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Land and buildings				
Not later than one year	**8,274**	6,794	**–**	1,392
Later than one year and not later than five years	**7,348**	8,602	**–**	–
After five years	**–**	3,043	**–**	–
	15,622	18,439	**–**	1,392

Generally, the Group's operating leases are for terms of 1 to 7 years.

(c) Future operating lease agreements

Future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Land and buildings				
Not later than one year	**4,472**	–	**–**	–
Later than one year and not later than five years	**12,817**	–	**–**	–
Later than five years	**6,225**	–	**–**	–
	23,514	–	**–**	–

Generally, the Group's operating leases are for terms of 1 to 10 years.

38 RELATED PARTY TRANSACTIONS

As at 31 December 2009, China Power Investment Corporation ("CPI Group") had a 28.54% equity interest in the Company and is the single largest shareholder of the Company. The remaining shares are widely held. Accordingly, the Directors are of the opinion that CPI Group is able to exercise significant influence over the Company.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of significant related party 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 financial statements. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(a) Transactions with related parties

	For the year ended 31 December 2009 *HK$'000*	For the eight months period ended 31 December 2008 *HK$'000*
Interest expense to a minority shareholder of a subsidiary	**4,307**	11,404

Interest expense to a minority shareholder of a subsidiary was charged based on outstanding loan balance at 5.47% (2008: 5.76%) per annum.

(b) Period-end balances with related parties

Details of the balances with related parties are disclosed in the respective notes to the financial statements.

(c) Key management compensation

	For the year ended 31 December 2009 *HK$'000*	For the eight months period ended 31 December 2008 *HK$'000*
Basic salaries, housing allowance, other allowances, discretionary bonus and benefits in kind	**8,656**	4,293
Employer's contributions to pension schemes	**51**	16
	8,707	4,309

39 SUBSEQUENT EVENTS

(a) Gansu Hui Heng New Energy Technical Development Company Limited ("Gansu Hui Heng"), a minority shareholder of Gansu China Power Jiuquan Wind Power Company Limited ("Gansu China Power", a non-wholly owned subsidiary of the Group with 90% equity interests), failed to fulfill its obligation to contribute its share of registered capital of Gansu China Power by 22 September 2008 pursuant to the articles of association and the joint venture agreement. Pursuant to the joint venture agreement, the defaulting party would be deemed to have unconditionally consented to the transfer of its right to contribute to the registered capital to the non-defaulting party. On 4 March 2010, the Group entered into an equity transfer agreement with Gansu Hui Heng to take up its entire 10% equity interest in Gansu China Power at no consideration.

(b) On 5 March 2010, the Group entered into an equity transfer agreement with Dongguan Xiecheng Power Equipment Company Limited ("Dongguan Xiecheng"), a minority shareholder of Yunnan Shuangxing Green Energy Company Limited ("Yunnan Shuangxing"), to acquire its entire 40% interest in Yunnan Shuangxing at a consideration of approximately RMB63,823,000. Thereafter, Yunnan Shuangxing became a wholly owned subsidiary of the Group.

40 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25 March 2010.

Financial Summary

RESULTS

	Year ended 31 December 2009 HK$'000	Eight months period ended 31 December 2008 HK$'000	Year ended 30 April 2008 HK$'000	2007 HK$'000	2006 HK$'000
REVENUE AND TARIFF ADJUSTMENT	**1,579,928**	1,260,259	959,704	121,492	37,254
PROFIT/(LOSS) BEFORE TAXATION	**239,911**	55,800	73,579	(61,508)	(24,754)
TAXATION	**(22,998)**	(13,247)	(30,884)	(10,314)	999
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**216,913**	42,553	42,695	(71,822)	(23,755)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**152,684**	10,962	6,931	(38,160)	(24,885)
MINORITY INTERESTS	**64,229**	31,591	35,764	(33,662)	1,130
EARNINGS/(LOSS) PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (HK CENTS)	**2.17**	0.16	0.13	(1.40)	(1.10)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December 2009 HK$'000	As at 31 December 2008 HK$'000	As at 30 April 2008 HK$'000	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS	**6,588,141**	5,673,386	4,903,244	790,360	176,730
CURRENT ASSETS	**1,358,273**	1,311,497	2,117,119	1,598,501	105,353
TOTAL ASSETS	**7,946,414**	6,984,883	7,020,363	2,388,861	282,083
CURRENT LIABILITIES	**(1,161,819)**	(1,249,262)	(1,337,480)	(1,252,073)	(139,955)
NON-CURRENT LIABILITIES	**(1,724,880)**	(949,819)	(1,071,331)	(466,048)	(13,660)
NET ASSETS	**5,059,715**	4,785,802	4,611,552	670,740	128,468
MINORITY INTERESTS	**343,326**	222,167	179,166	349,114	(17,774)