China WindPower 中国风电

FOR THE YEAR ENDED
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2010

CHINA WINDPOWER
ANNUAL REPORT

中国风电集团有限公司
China WindPower Group Limited

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Liu Shunxing
(Chairman and Chief Executive Officer)
Mr. Ko Chun Shun, Johnson
(Vice Chairman)
Mr. Wang Xun
Mr. Yang Zhifeng
Ms. Liu Jianhong
Mr. Yu Weizhou
Ms. Ko Wing Yan, Samantha
Mr. Chan Kam Kwan, Jason

Non-executive Directors

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors

Dr. Zhou Dadi
Dr. Wong Yau Kar, David, JP
Mr. Yap Fat Suan, Henry

Company Secretary

Mr. Chan Kam Kwan, Jason

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Bankers

China Construction Bank
Hang Seng Bank
Industrial and Commercial Bank of China
Standard Chartered Bank

Solicitors

Baker & McKenzie

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office in Hong Kong

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

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Tengis Limited
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Website

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Chairman's Statement

Dear Shareholders:

On behalf of China WindPower Group Limited (the "Company") and its subsidiaries (the "Group"), I hereby present to shareholders the 2010 annual results of the Group. The consolidated revenue and profit attributable to equity holders of the Company for the year ended 31 December 2010 were HK$1,236,020,000 and HK$427,223,000 respectively. Basic earnings per share were 5.85 HK cents, a sharp increase compared to that of the previous year. As of 31 December 2010, the Group's net assets had reached HK$3,913,495,000.

In 2010, China's economy maintained a rapid growth momentum. To cope with complex economic problems and forestall other potential problems, the Chinese government intensified structural organisation and macroeconomic control, but renewable energy industry remains as a strongly encouraged and supported industry by the government. Government support of renewable clean energy provided a favourable environment for the development of the wind power businesses of the Group.

In 2010, the Group grew significantly. The wind power capacity commissioned during the year was higher than the total installed capacity at the beginning of the year, and total installed capacity now exceeds 1GW. Power generation in 2010 tripled that generated in 2009 and amounted to over 1.1 billion kilowatt-hours. The proportion of the investment income of the wind power plants in the Group's profits greatly increased. The capability of the Group's service businesses enhanced remarkably. The unique integrated business model ensured construction efficiency and quality for the wind power plants of the Group, and as a result better return.

As the largest foreign investor in China's wind power market, we rely on our strength to actively develop cooperation with each joint venture partner. In the co-operation with the world's top financial institutions, we obtained a US$10 million equity investment and a US$140 million long-term loan from the International Finance Corporation ("IFC") to fund our presently biggest project — Gansu Guazhou Wind Power Plant. The main part of the loan was a fixed rate which helps to mitigate the interest rate risk, and it is denominated in US dollars which allow for potential upside from RMB appreciation. The Group has also signed a US$120 million long-term loan agreement with the Asian Development Bank ("ADB") in January 2011. In 2010, we expanded the joint ventures and cooperation with China Power Investment Corporation, Liaoning Energy Investment Group and Shanghai Shenhua Holdings Co Ltd. Through cooperation with these partners and combining the strength of all parties, the Group's wind power development capability and capacity were strengthened substantially.

During this year, the Group continued to actively secure exclusive wind resources across China and expand our wind reserves. With the launch of low wind speed wind turbines; further reduction in wind turbine prices; and issue of the grid connection and congestion in north China, the Group decided and successfully diversify to develop and explore wind power projects and resources in the southern China. The Group has also started gathering resources, experienced personnel and technical knowledge for future solar power development.

The Group made good progress in building up the management capability in 2010. With the rapid expansion of the Group, it is of even greater importance to have a robust system of strategic management, enterprise control, and risk prevention. As such, we recruited more experienced management personnel at various levels

Chairman's Statement

to the Group. During the year, we reviewed and revised our strategic development plan to reflect the changing market conditions. We made certain changes to our Group's management structure and system so as to further rationalise the operation process, enhanced the establishment and enforcement of performance incentive mechanisms, and strenuously promote information flow within the Group. In streamlining our management structure and systems we strove to strike the right balance between operational efficiency and risk control.

In 2010, we focused more on the building of our Group's culture. To foster a greater sense of belonging, we have set up a staff caring program, introduced support measures for health and quality of life of our employees, as well as measures to help them in their career development, such as job training and skills upgrading programs. Our efforts have been well received and widely participated by our staff members.

The Group is always very keen on its social responsibility. It has been a consistent practice for the Group to support the economic development of impoverished areas, provide funds for education, reduce greenhouse gas emissions, and protect the ecological environment. In 2010, the Group reduced the carbon dioxide emissions by 1.15 million tons, reduced sulphur dioxide emissions by 11,444 tons and reduced nitrogen oxides emissions by 1,015 tons. Compared with coal-fired thermal power, in 2010, our wind power plants saved standard coal of 390,000 tons and saved water consumption of 3.24 million ton. The Group will continue to make further contribution to mitigate climate warming and to protect the ecological environment.

In 2010, the abnormal weather phenomena that occurred around the world raised alarms about the need to protect the ecological environment. The new energy industry development with wind power as a representative has vital significance for changing China's energy structure and dealing with global climate change. It is expected that countries all over the world will continue to encourage and support the development of new energy economy.

Looking into the year 2011, the Group's wind power plants construction scale will be further expanded. We aim to continue increasing significantly the investment income of wind power plants, as well as the service businesses income such as wind power projects design, consultation, construction, operation and maintenance, and tower tube manufacturing. We are actively seeking offshore wind power, solar power and other new energy investment opportunities, and pursuing clean energy investments and EPC&M service projects outside China. In the coming year, in addition to generating returns for shareholders, we will continue to shoulder greater responsibility in improving the earth's environment and in maintaining the sustainable development of the economy.

For the coming year, we will face with two major challenges: one is whether the grid connection and curtailment congestion problems in north China can be timely resolved with the construction of high voltage transmission and smart grid. The other is the risk of rising interest rates due to inflation. We will prudently assess the grid condition when developing new wind power projects in north China. We will diversify into projects in south China. We will continue to actively explore diversified financing channels to reduce the financing costs, including increasing the use of offshore banks.

Chairman's Statement

The Group's outstanding achievements are results of the strong support from our shareholders and partners, as well as the unremitting efforts of the Group's management team and staff. I, on behalf of the Board of Directors, would like to take this opportunity to extend my sincere gratitude to every shareholder, joint venture partner and any party who has offered support to our Group and to the Group's management team and every staff as well. All members of our Group will keep our faith, work hard with full passion and try our best to shoulder our share of the responsibility to protect the environment and improve the energy consumption structure. We will work persistently to make the Group into an international first-class clean energy enterprise with high aspirations, dynamic energy and a keen sense of social responsibility!

Liu Shunxing
Chairman & CEO

Hong Kong, 8 March 2011

Management Discussion and Analysis

I. Operating Environment

After experiencing a recovery brought about by the unprecedented economic stimulus policies, the world economy in 2010 entered a slow, unstable and unbalanced growth period with emerging economies growing rapidly and the developed economies much less so, if at all. Although the economic stimulus policies of countries in the world are being wound down to a greater or lesser extent, renewable energy industries are still given preferential policy support and authorities continue to attach great awareness to the concept of "green" recovery.

China has been one of the world's main engines of economic growth for two successive years with its economic growth rate over 10% in 2010. China's wind power industry continues to grow rapidly benefiting from the great importance attached to energy saving and emissions reduction. In 2010, the newly grid connected installed wind power capacity in China increased by 13.99 GW, brought the total grid connected installed wind power capacity to 31.07 GW, with its newly installed capacity ranking top of the world. The Chinese government continues to give the wind power industry strong support. The State Council's "Decision on Accelerating the Fostering and Development of New Strategic Industries" issued in 10 October 2010 promotes the fast development of new energy industries in various aspects, such as tendentious policy, market expansion, technology innovation and favourable tax policies. The new energy industries represented by the wind power have a more clear development trend and prospects continue to be favourable.

Wind power technology continues to advance, and the manufacturing capacity of the wind power equipment manufacturers continues to expand rapidly. The cost of the wind turbines has fallen significantly while their efficiency and reliability have improved. Thus the cost of investing in wind power plants has fallen remarkably. As a result, the impact of adverse factors such as rising interest rates is offset and investment in wind power plants enjoys a reasonable return. The launch of the new wind turbines that can operate at low wind speeds makes developing of wind resources in south China feasible.

The construction of ultra high voltage power transmission grid, smart grid and micro-grid will greatly improve the transmission capacity and power dispatch capability of the power grid in north China. In October 2010, a 750KV interprovincial high voltage power transmission line in Gansu commenced operation. Xinjiang, Gansu and the northwest China Power Grid are now interconnected, making possible the transmission of the power output from the Gansu Jiuquan 10GW wind power base. China is actively developing the "Three Vertical" and "Three Horizontal" high voltage or ultra high voltage integrated power transmission grid which will effectively ease the power transmission problem.

Management Discussion and Analysis

II. Business Review

The Group changed its financial year end date from 31 March to 31 December in 2009, to align with the statutory financial year end date of the Group's operating subsidiaries. Therefore, the results reflect the performance during the 12 months period ended 31 December 2010, ("2010" or "this year") and the comparative figures are for the 9 months period between 1 April 2009 and 31 December 2009 (the "2009 period").

The Group's consolidated revenue in 2010 from its wind power businesses amounted to HK$1,236,020,000 (2009 period: HK$562,597,000), representing an increase of 120% compared to the 2009 period. At the end of 2010, the Group's net assets amounted to HK$3,913,495,000 (2009: HK$3,267,843,000), its cash and cash equivalents were HK$732,544,000 (2009: HK$1,109,561,000) and its net profit attributable to equity holders of the Company were HK$427,223,000 (2009 period: HK$181,236,000), up 136% over the 2009 period. Its basic earnings per share arising from continuing operation were 5.85 HK cents (2009 period: 2.66 HK cents) and its fully diluted earnings per share were 5.78 HK cents (2009 period: 2.59 HK cents).

In 2010, the Group continues to focus its business in China and all business segments achieved significant development: wind resources, especially in south China increased substantially; newly installed wind power capacity in 2010 was greater than the total installed wind power capacity at the beginning of this year; the Group's attributable power generation was more than twice of what it was in 2009; and the profitability of our wind power service and manufacturing businesses improved significantly.

(i) Wind Power Plant Investments and Operations

1. Investment in Wind Power Plants

In 2010, the Group had increased its investment in wind power plants, and it commissioned the construction of 11 wind power plants (total capacity of 795MW), of which 9 wind power plants (total capacity of 597MW) have been completed and commenced operation. The Group has invested in a total of 27 wind power projects by the end of this year, with an aggregate capacity of 1,710MW and an attributable capacity of 1,025MW. Amongst the said 27 wind power projects, 21 with a total installed capacity and attributable installed capacity of 1,163MW and 657MW respectively are in operation. Two wind power plants under construction were sold during this year, with an aggregate installed capacity of 99MW and an attributable installed capacity of 49MW. By the end of the year, the Group had 19 wind power plants in operation, with an aggregate installed capacity of 1,064MW and an attributable installed capacity of 608MW.

Management Discussion and Analysis

II. Business Review *(Continued)*

(i) Wind Power Plant Investments and Operations *(Continued)*

1. Investment in Wind Power Plants *(Continued)*

The Group has been constructing two national concession projects namely Gansu Jiuquan (201MW) and Inner Mongolia Kailu (300MW) during this year. The Gansu Jiuquan project was completed and commenced operation.

The Group was able to secure financing for the wind power projects at a favourable interest rate. It is worth pointing out that during this year, the Group's subsidiary Gansu Guazhou Century Concord Wind Power Co., Ltd. obtained a US$140 million long term loan from the IFC, a member of the World Bank Group. The aforesaid was IFC's first investment in wind power project in China. The main part of the loan was a fixed rate loan in US dollars, which improves the Group's ability to control borrowing costs and helps to mitigate the floating RMB interest rate risk. IFC also invested US$10 million to subscribe for new shares of the Company.

In 2010, the Group signed a loan intention agreement with the ADB to provide up to US$120 million long-term low rate loan to the Group to support the development of its wind power plant projects. ADB will provide a USD and RMB dual currency loan, and the funds can be invested in wind power plants as project capital or shareholder loan. The final loan agreement was signed in January 2011.

2. Wind Power Generation

In 2010, the Group recorded share of results in associates and jointly controlled entities of HK$196,947,000, representing a significant increase compared to HK$35,720,000 in the 2009 period. Such increase is mainly attributable to the share of results of our investments in wind farms of HK$124,183,000 (2009 period: HK$33,974,000); the disposal gain of two wind farms of HK$28,303,000 (2009 period: nil); and deferred tax credit of HK$43,930,000 (2009 period: nil). The Group's wind power plants generated electricity output of 1,125.88 million kWh in total, an increase of 269% over the 2009 period. The output attributable to the Group was 510.83 million kWh, representing an increase of 297% over the 2009 period. During this year, the Group has strengthened the wind power plants operation and maintenance, and hence has achieved actual output higher than planned capacity factors, even in grid congestion regions in north China. In particular, our Inner Mongolia Erlianhaote Changfeng Century Concord Wind Power Plant generated capacity factor of over 2,800 hours, and our Inner Mongolia Taipusiqi Century Concord-Shenhua Wind Power Plant and Jilin Taihe Wind Power Plant generated capacity factors of over 2,300 hours.

Management Discussion and Analysis

II. Business Review *(Continued)*

(i) Wind Power Plant Investments and Operations *(Continued)*

3. Wind Resource and Project Development

According to the Group's forward-looking analysis of the new development of China's wind power industry, the Group continued to obtain as much quality wind resources as possible within China. While firming up the development of our wind power businesses in the "Three North" areas, the Group implemented its strategy of "developing southward, overseas and towards solar energy" and expanded areas of business development.

In 2010, the Group secured over 7,000MW of exclusive wind power development rights with the local governments, including 4,000MW in China's southern provinces which have better grid connection access and higher power consumption capability. After we have collected the wind data, it is expected that the wind reserves of the Group will increased significantly. At the end of 2010, on a conservative estimate, the total amount of the exclusive wind resources exceeded 15GW.

In 2010, the Group obtained 13 project approvals from National/Provincial Development and Reform Commission (NDRC/PDRC), with a total of 900MW grid connection and grid connection proposal approvals.

The Group began to gather solar power development projects, acquire relevant technology, and recruit experienced personnel, as to prepare for investment in solar power projects. The Group signed 648MW of solar development agreements in Gansu, Inner Mongolia, Liaoning, Jilin, etc. and currently undergoing solar test and feasibility studies.

4. CDM Development and Sales

The Group achieved great progress on Clean Development Mechanism ("CDM") registration. A total of 11 projects have been approved by the NDRC throughout the year. Five CDM projects were successfully registered with the United Nations Executive Board (EB), where one project was registered as the Gold Standard CDM project, and the emission reduction amount of two projects has been certified and issued by the EB. At the end of 2010, seven CDM projects of the Group have been successfully registered with the United Nations EB.

Management Discussion and Analysis

II. Business Review *(Continued)*

(ii) Wind Power Services Business

In 2010, the Group made outstanding progress in each of its service and manufacturing business, greatly increased its capabilities and product and service quality, and maintained good safety production record with no major accidents.

1. Wind Power Consultancy and Design Service

In 2010, the Group's consultancy and design unit received the ISO9001 quality management system certificate and enhanced its service capability, providing wind power projects with the full consultancy and design services, from the initial wind power development planning to services such as wind testing, feasibility study, construction drawing design and post-project assessment. The unit actively promoted its standardisation of the wind power plant design, aiming to gradually standardise and modularise the consultancy and design business. The standardisation of feasibility study report has been accomplished and the standard templates for construction drawing design reports and drawings have begun to establish. The consultancy and design unit also set up a project design database and formulated a network platform for collaborative design so as to improve the design efficiency and design management level.

In 2010, the consultancy and design unit provided a total of 340 reports — including wind resource assessment, development planning, project resource allocation, turbines selection, feasibility study, micro-site selection and construction drawing design — for wind power projects invested by the Group and also to independent third parties.

In 2010, the Group's consultancy and design unit (including project development business) recorded revenue of HK$73,169,000 (2009 period: HK$49,561,000).

2. Wind Power Engineering and Construction Service

In 2010, the number of projects undertaken by the Group's engineering and construction unit increased significantly. Through recruiting experienced professionals, purchasing large crane equipments, and strengthening the process control, the capability of wind power project construction and the management ability have been improved. No quality and safety accidents happened in the year, and each job was successfully accomplished. The comprehensive strength of the engineering and construction unit was enhanced prominently.

In 2010, the engineering and construction unit undertook construction work for 19 wind power projects, 7 of which were independent third party projects and contributed revenue of HK$517,313,000 (2009 period: HK$227,968,000) to the Group.

II. Business Review *(Continued)*

(ii) Wind Power Services Business *(Continued)*

3. Wind Power Tower Tube Equipment Manufacture

In 2010, the Group's wind power tower tube equipment manufacturing unit leveraged on its strength in technology, management, raw material purchase and OEM, aggressively and competitively participated in the market. The aggregate production capacity (including OEM) has expanded significantly. A total of 498 tower tubes were sold. Obvious economic benefits have been obtained by intensifying cost control.

In 2010, the Group established a factory namely Jilin Tianhe Wind Power Equipment Manufacturing Operation and Maintenance Co. The new production base completed construction, commenced operation and delivered return in the same year. With the new production base, the Group's tower tube equipment manufacturing unit is capable to manufacture more than 400 tower tubes for up to 3.0MW wind turbines, which made the Group's tower tube equipment manufacturing facilities the biggest in Northeast China and hence further improved its profitability and competitiveness.

In 2010, the Group's wind power tower tube equipment manufacturing unit generated revenue of HK$591,428,000 (2009 period: HK$270,071,000).

4. Wind Power Plants Operation and Maintenance Service

The Group's wind power plants operation and maintenance unit specialises in wind power plant operation, maintenance, overhaul, repairs and wind farm management. In 2010, the operation and maintenance unit formed a three tier management structure, including Beijing headquarter, regional base in each wind power abundant area, and each wind power plant. This structure further enhanced the management efficiency and quality, and strengthened internal management and personnel development. At the same time, the wind power plant operation and maintenance unit was awarded the certification of ISO9000, ISO14001, and ISO18001.

In 2010, the new Liaoning Fuxin base commenced operation and is capable of providing express repair and examination services. The Jilin Baicheng base has been equipped with electricity high voltage test instruments and swift examination platform, which provides the base with the operation ability for high voltage test of wind power plants. The Inner Mongolia Baochang base has already possessed with preliminary ability to provide operation and maintenance services and logistical support. Through the regional bases, the operation and maintenance unit can provide regular maintenance and examination services to the wind power plants for the domestic main turbine manufacturers, during the warranty period.

Management Discussion and Analysis

II. Business Review *(Continued)*

(ii) Wind Power Services Business *(Continued)*

4. Wind Power Plants Operation and Maintenance Service *(Continued)*

At the end of 2010, the operation and maintenance unit had undertaken on service contracts for a total of 25 wind power plants. In 2010, this business segment recorded revenue of HK$54,110,000 (2009 period: HK$14,997,000).

III. Liquidity and Financial Resources

As at 31 December 2010, the Group had cash and cash equivalents of approximately HK$732,544,000 (2009: HK$1,109,561,000). As at that date, the current ratio was 1.95 times (2009: 5.5 times), gearing ratio (long-term liabilities over shareholders' fund and long-term liabilities) was 0.17 (2009: 0) and the Group's borrowings amounted to HK$1,049,332,000 (2009: HK$34,072,000). Loans added during this year were mainly for the purpose of construction of wholly-owned wind farm projects. The consolidated net assets of the Group stood at approximately HK$3,913,495,000 (2009: HK$3,267,843,000).

Foreign Exchange Risk

The financial statements of the Group are presented in Hong Kong dollars, and its income and expenditure (including capital expenditure) of its principal businesses are denominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purpose.

Charge of Assets

As at 31 December 2010, office building with its land use rights and equipment of the Group were pledged as security for RMB68,000,000 and RMB7,000,000 mortgage loan, respectively.

Contingent Liabilities

The Group, via its wholly-owned subsidiary, had entered into joint venture agreements with JV partners in the PRC. Pursuant to the JV agreements, the Group was required to pledge its share of the equity interests in these jointly controlled entities as security for the bank loans of each of the respective jointly controlled entities. As at 31 December 2010, the Group has pledged its share of equity interests of jointly controlled entities, with total value of HK$325,808,000 (2009: HK$360,871,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2010 (2009: Nil).

Management Discussion and Analysis

III. Liquidity and Financial Resources *(Continued)*

Commitments

As at 31 December 2010, the Group had capital commitments of HK$1,562,570,000 (2009: HK$787,175,000), which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in wind power plants of HK$950,538,000 (2009: HK$745,099,000) and the capital committed for the payment for equipment purchased by subordinate project companies of HK$612,032,000 (2009: HK$42,076,000).

IV. Staff and Compensation

With the rapid development of the Group's business, the ability to attract and recruit talented personnel has been strengthened — more than 500 new employees joined the Group during this year. In 2010, the Group timely adjusted the organization setup, promoted business division and allocation, and agilely adapted to the Group's need for fast and professional development. The Group also improved its training programs, conducted job specific training courses according to different needs of employees, and constructed a training system imbued with the Group's culture. The Group will continue to optimise the option incentive mechanism so as to promote the harmonious growth of the enterprise and employees.

The staff remuneration packages include salaries, discretional bonuses and share options. Employees' compensation and their other benefits are decided and reviewed by the management with the aims to reward good performance and to keep such remuneration packages at competitive levels in the market. In 2010, the Group distributed a total of 130 million shares of stock options to 257 core employees.

In 2010, in line with the Group's spirit of "Loving Staff, Building Friendship", the Group has set up a "staff support fund" which composed of donations from staff and the Group. The fund received more than RMB200,000 in the whole year, and has provided financial aid to the Group's employees suffering from great difficulties.

As at 31 December 2010, the Group had 1,338 (2009: 816) full-time employees — 151 for the Group's headquarter, 239 for project development and project management, 59 for wind power consultancy and design, 169 for engineering and construction, 411 for equipment manufacture, 305 for operation maintenance, and 4 for other subsidiary companies. Staff quality has been improved significantly. 58 personnel of the Group are qualified with senior technical and professional titles, while 103 employees hold a master's degree or above.

Management Discussion and Analysis

V. Corporate Governance

During this year, the Group enhanced its strategic analysis and planning, and identified the development direction and overall target for the next five years. Also, it mapped out a series of development strategies and specific measures. Within the Group structure, it further emphasised the importance of operating plans, economic analysis, performance review, etc. By perfecting the management system, intensifying internal control and promoting the authorisation system construction, it has smoothened and standardised the Group's management and operation flow. During this year, the Group continued establishing and perfecting the incentive and control mechanism on a larger scale.

The Group has put more attention to risk prevention and internal control management. During this year, it continued to conduct internal audit work in key business sections. Various types of audit have been undertaken in 34 branches, subsidiaries and functions of the Group. Through the continuous review and evaluation, the Group aims to gradually optimise and enhanced its management system and standard.

In 2010, the Group established a sense of cohesiveness between the Group and individual, with employees aliening personal development with the Group's development. "China WindPower Newspaper", a publication of the Group and has so far published 15 issues, has become a channel to promote the Group's image and staff spirit.

VI. Social Responsibility and Environmental Protection

In 2010, the Group published "China WindPower Group enterprise standard — environmental protection and social responsibility management system handbook" according to international standards and was reviewed by international specialists on such topic.

(i) Occupational Health and Safety Production

For the purpose of achieving community health and safety, the Group continued to emphasise on staff's safety and health and enhance their occupational health and work safety. With the implementation of safety production responsibilities, the Group had no significant injury or death accident recorded at any wind power project's construction sites.

(ii) Educational Grants and Development Support for Less Developed Areas

In 2010, the Group performed its duty as a corporate citizen by promoting economic development in underdeveloped areas, supporting education and scientific research, taking an active part in public welfare, and continuing funding of Wind Power scholarship, bursary, teaching assistantship and fellowship.

Management Discussion and Analysis

VI. Social Responsibility and Environmental Protection *(Continued)*

(iii) Environmental and Ecological Protection

The Group implemented the management system of environmental protection and social responsibility thoroughly, further emphasizing the awareness of environmental protection and ecological sustainable development. It stressed the environmental protection and the need to reduce negative impacts on environment during the wind power plants' construction, and made an effort to build more environment-friendly wind power plants. Meanwhile, it started research on the wind power plants' impact on birds.

(iv) Emission Reduction and Conservation

The Group made remarkable contribution to emissions reduction. Its wind power plants reduced the emission of carbon dioxide by 1,150,000 tons, the emission of sulphur dioxide by 11,444 tons, and the emission of nitrogen oxides by 1,015 tons in 2010. Moreover, in contrast to coal-fired thermal power plant, the Group's wind power plants saved standard coal of 390,000 tons and water of 3,240,000 tons during 2010. As at the end of this year, the Group's wind power plants had reduced the emission of carbon dioxide by 1.8 million tons, emission of sulphur dioxide by 18,264 tons, and emission of nitrogen oxides by 1,605 tons in total, and they had saved standard coal of 620,000 tons and water of 5,120,000 tons for China.

VII. Prospect

We believe that the global economy overall tends to be stable, and for China's economy, the development trend is intact. Increasing demands for energy and emissions reduction requirements for greenhouse gas bring global investment opportunities for clean energies. The Chinese government has listed new energy industries among strategic emerging industries, developing and supporting them with great efforts. This provides rapid development opportunities for new energy industries. Implementation of "Strengthening Smart Grid" will speed up solutions to grid connection and congestion of new energies in north China. Meanwhile, it will bring new business development opportunities. The prices of wind power or solar power equipment will reduce continuously, making the project's investment costs lower. And the technological progress will continue, converting projects with no development value previously to feasible investment opportunities. According to latest planning of National Energy Administration, it is estimated that the wind power installed capacity would hit 150GW and the solar energy 20GW by 2020. Over the next five or ten years, China's new energy industries will remain at a stage of rapid development.

Management Discussion and Analysis

VII. Prospect *(Continued)*

Through a five year rapid development, the Group has grown to become a considerable-sized enterprise with vertical integrated operation. It has some advantages in the reserves of key resources such as wind resources and human resources. Its net assets have reached a certain scale with relatively strong project development capability. With multiple financing channels and joint venture partners, the Group has formed a more variegated platform for investment and financing compared with other enterprises in the industry. Its unique vertical integrated business model has equipped the Group with capacities to respond rapidly to market demands and offer complete wind power solutions. It has established an efficient capacity build up platform, where the mechanical setting, personnel arrangement, management system and information network are all in place. It has set 16 branches or representative offices in major Chinese provinces for new energy development, basically completing the set up for further business development. Strategic direction and target for the Group has been made clear and executed definitely. The Group's reputation and image in the industry has been rising steadily and its influence has been getting stronger. It has formed a solid foundation for the continuous rapid development.

We also realize that there are still many uncertain factors and risks in the wind power industry which we take seriously. Firstly, with the inflation pressures in 2011, China will continue its prudent monetary policy, raising RMB deposit reserve ratio and benchmark interest rate. In the credit tightening financial market, project financing will be influenced considerably. With higher interest rates, the wind power plants' financial expenses will be increased. Secondly, the lagging development of the power grid in north China has influenced the development of wind power industry for some time and has remained unsolved. Difficulties in accessing power grid for northern wind power project will influence the Group's continuous expansion of yearly new production capacity in north China. Thirdly, whether CDM mechanism will continue after 2012 is still unclear. This may be decided in the South Africa Conference in 2011 and whether or not the CDM mechanism continues after 2012 will have an impact on the investment return of wind power plants.

In 2011, the Group will continue to widen its financing channels and adopt multiple forms of financing to reduce financial expenses. It will continue its co-operation with international financial institutions, such as IFC, ADB on a larger scale and pursue more offshore financing. It will also continue its co-operations with joint venture partners, such as China Power Investment Corporation, etc., to develop wind power projects and to solve difficulties together. For investments in wind power projects in north China, the Group will study the development and construction plan of the power grid prudently, in order to synchronise the completion of the power plant and power grid construction. It will also investigate the power grid's consumption capacity for wind power, and control investment size in the Northern provinces accordingly, so as to limit investment risks. In the southern provinces, where power grid infrastructure is good, the development of wind resources and investment in wind power plants will continue in a larger scale. The Group will continue to monitor and analysis its development carefully and always be prepared to act proactively and positively to any problems.

VII. Prospect *(Continued)*

In conclusion, the Group is still in a solid development conditions supported by favourable external environment. Although there are some problems and challenges, they can be overcome. In general, the Group is in an advantageous development stage and will continue its business and development mainly in the China market. In 2011, the Group will continue to seize strategic opportunities in the new energy industries; further expand investments in wind power plant and wind power services; gather solar power resources and professionals; seek clean energy development and EPCM service projects outside China; and install more new wind power capacity in 2011, in order to achieve a continuous rapid expansion on the Group's scale and profitability and to become one of the world's top-ranked clean and renewable energy companies.

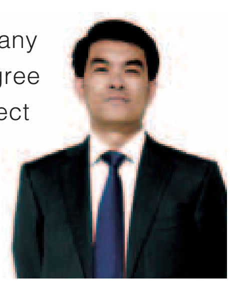
Biographical Details of Directors and Senior Management

Executive Directors

Mr. Liu Shunxing, aged 48, joined the Group in 2007. He has become the Chairman of the Company since June 2009. He is also the Chief Executive Officer ("CEO") of the Company and is a director of various subsidiaries of the Group. Mr. Liu received his first degree in Electricity Generation from Tianjin University and was awarded a master degree of Energy Source Economy Management from the Management College of Harbin Institute of Technology. Mr. Liu is a council member of China Energy Research Institute and a deputy director of the China Specialism Committee of Thermoelectricity. He once worked in National Development and Reform Commission and was formerly the Vice CEO of China Energy Conservation Investment Corporation for eight years. He was in charge of and involved in the investment and constructions of several hundreds of energy saving projects such as wind power, thermoelectricity, solar energy and biomass energy power generation.

Mr. Ko Chun Shun, Johnson, aged 59, joined the Group in 2006 as the Chairman and was re-designated as Vice-Chairman of the Company since June 2009. He is also the Chairman and executive director of DVN (Holdings) Limited and Varitronix International Limited. The above companies are listed on the Hong Kong Stock Exchange. Mr. Ko is also a director of a subsidiary of the Group. Mr. Ko is the father of Ms. Ko Wing Yan, Samantha, an executive Director.

Mr. Wang Xun, aged 43, joined the Group in 2007. He is the Executive Vice President of the Company and is also a director of various subsidiaries of the Group. Mr. Wang holds a Bachelor degree from International Politics College. Mr. Wang has devoted himself to wind power industry since 1999. Mr. Wang had served as a director of Farsight Group and the President of its wind power division. Mr. Wang had also been the General Manager of Beijing Shenzhou Wind Power Co., Ltd, the General Manager of Ninxia Clean Sky Shenzhou Wind Power Co., Ltd, and the General Manager of Jiangsu Lianneng Wind Power Co., Ltd. Prior to joining the Group, Mr. Wang had held certain senior positions in Golden Concord Holdings Limited, a company engaged in renewable energy investment in the wind power business.



Mr. Yang Zhifeng, aged 39, joined the Group in 2007. He is the Vice President of the Company and is also a director of various subsidiaries of the Group. Mr. Yang holds his Master degree in International Finance from Renmin University of China. He began his career as a project manager of Chinese Energy Conservation Investment Corporation. As one of the founders, he successively served as the Vice General Manager, General Manager, and President of Beijing Huaming Light Group since 1996. He was also the General Manager of Asset Management and Operation Department in China Energy Conservation Investment Corporation.

Biographical Details of Directors and Senior Management

Executive Directors *(Continued)*

Ms. Liu Jianhong, aged 41, joined the Group in 2007. She is the Vice President of the Company and is also a director of various subsidiaries of the Group. Ms. Liu holds her Master degree from the Law School of Renmin University of China and an EMBA from China Europe International Business School. She was the Chief Legal Officer of China Energy Conservation Investment Corporation where she was engaged in asset management, asset restructuring of state enterprises, merger and acquisition and other legal affairs.

Mr. Yu Weizhou, aged 45, joined the Group in 2009. He is the Vice President of the Company and is also a director of various subsidiaries of the Group. He holds the Ph.D. degree of Engineering Management from Xian University of Technology. Mr. Yu was the Vice General Engineer of China Shenhua-Guohua Energy Investment Ltd., the Director of Market Management Department of State Power Management Commission and the Vice Director of Power Planning & Investment Department of State Economic & Trade Commission. He has engaged in the management works in the electric power industry for a long period and has extensive experience in the development and management of electric power projects.

Ms. Ko Wing Yan, Samantha, aged 31, joined the Group in 2009. Ms. Ko holds a Bachelor Degree in Economics and Math from Mount Holyoke College, and a Master Degree in Finance from the Imperial College Management School in London. Ms. Ko has over 7 years experience in Banking and has extensive experience in the securities and capital market. She was a director in the Structured Credit and Fund Solutions team at HSBC until August 2009. Prior to joining HSBC, Ms. Ko had also worked in Morgan Stanley (HK) and JP Morgan Securities Limited (London). Ms. Ko is the daughter of Mr. Ko Chun Shun, Johnson who is the Vice Chairman and an executive Director.

Mr. Chan Kam Kwan, Jason, aged 37, is also the company secretary of the Company since 2006, he is also a director of a subsidiary of the Group. Mr. Chan graduated from the University of British Columbia in Canada with a Bachelor of Commerce and is a member of the American Institute of Certified Public Accountants. Mr. Chan has extensive experience in accounting and corporate finance.

Non-Executive Director

Mr. Tsoi Tong Hoo, Tony, aged 46, has been the executive director of the Company since 2006, and was re-designated to a non-executive director of the Company in October 2007. Mr. Tsoi graduated from the University of Western Ontario, Canada with a Bachelor of Business Administration degree. He has been a Chartered Financial Analyst since 1989, and has extensive experience in the areas of investment research, investment banking and corporate management. Mr. Tsoi is the CEO and an executive director of Varitronix International Limited and an independent non-executive director of Fairwood Holdings Limited, both of which are listed on the Hong Kong Stock Exchange.

Biographical Details of Directors and Senior Management

Independent Non-Executive Directors

Dr. Zhou Dadi, aged 64, has been an independent non-executive director of the Company since 2009. graduated from the Engineering Physics Department of Tsinghua University in 1970 and obtained a master degree in Environmental Engineering in 1982. He received an honorary doctoral degree from the Geneva School of Diplomacy and International Relations in Switzerland in 2007. Dr. Zhou was the former Director-General of the Energy Research Institute of National Development and Reform Commission and currently serves as a researcher of the Institute.

Dr. Wong Yau Kar, David, JP aged 53, has been an independent non-executive director of the Company since 2006. Dr. Wong holds a doctor's degree in economics from University of Chicago. Dr. Wong has extensive experience in direct investments and corporate finance. Currently, Dr. Wong is the managing director of United Overseas Investments Limited. Dr. Wong has also been actively participated in public services and to name a few, he has been a council member of the Hong Kong Institute of Directors since 1999 and a president of the Chinese Manufacturers' Association of Hong Kong. Dr. Wong is also an independent non-executive director of Media China Corporation Limited, and the non-executive director of CIAM Group Limited both of which, are listed on the Hong Kong Stock Exchange.

Mr. Yap Fat Suan, Henry, aged 65, has been an independent non-executive director of the Company since 2006. He holds a master degree in Business Administration from the University of Strathclyde, Glasgow, in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in finance and accounting. He retired as the managing director of Johnson Matthey Hong Kong Limited in June 2007 and prior to that appointment he was the general manager of Sun Hung Kai China Development Limited. Mr. Yap is also an independent non-executive director of DVN (Holdings) Limited, which is listed on the Hong Kong Stock Exchange.

Senior Management

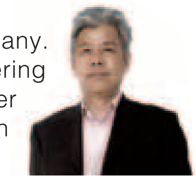
Mr. Zhou Zhizhong, aged 54, joined the Group as Vice President in 2009. He is in charge of the Group's consultation, design, engineering, construction, operation and maintenance business. Mr. Zhou holds a Master degree from Nanjing University of Science and Technology. He was the Vice General Engineer of Jiangsu Electric Bureau, former Chairman of Nanjing Power Supply Bureau, the General Manager of the First Electric Power Construction Company of Jiangsu Province and the Vice President of the Golden Concord Group. He is a National Registered First-Class Construction Engineer, and has over 20 years experience in power engineering.

Mr. Liu Dongyan, aged 47, joined the Group in 2008. He is the Vice President of the Company. He holds a Master degree from China University of Political Science and Law. He was the General Manager of Asset Management Branch of China Conservation Investment Corporation, and the Secretary of the Party Committee and the Vice General Manager of China National Environmental Corporation.

Mr. Luo Maofeng, aged 45, joined the Group in 2008. He is the Vice President of the Company, and presides over the Group's overseas business. Mr. Luo is an Irrigation and Hydropower Construction Master Degree holder of Dalian University of Technology, and is also a UK Registered Civil Engineer. He was formerly the deputy chief economist and Department Principal of China Harbour Engineering Company Ltd.

Biographical Details of Directors and Senior Management

Senior Management *(Continued)*



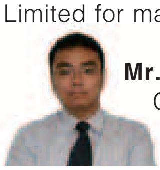
Mr. Wang Yaobo, aged 64, joined the Group in 2007. He is the Vice President of the Company. He is a professorate senior engineer. He graduated from the Department of Water Engineering of Wuhan Water and Electric Power College. He has more than 30 years experience in power system planning and engineering management. He was the Vice General Engineer of Jilin Electric Bureau.

Mr. Hu Mingyang, aged 39, joined the Group in 2009. He is the Chief Financial Officer of the Company. Mr. Hu holds a Master degree in economics from Peking University, and is a certified public accountant. He was the Director of Finance Office and General Office, which are directly under China Council for the Promotion of International Trade, and the General Manager of Finance Department of China Patent Agent (H.K.) Ltd.

Mr. Xie Jianmin, aged 47, joined the Group in 2007. He is the Chief Engineer of the Company. Mr. Xie holds a Doctorate degree from Xi'an Jiaotong University. He was a professor of Southeast University and he has been conducting advanced research in the wind power industry. He has over 10 years experience in the operation of wind power plants and has extensive knowledge in the evaluation of wind energy resource, different types of wind turbines and site selection, etc.

Mr. Wang Zuohai, aged 45, joined the Group in 2007. He is the Assistant to the CEO of the Company. He holds the Ph.D. degree from Southwestern University of Finance and Economics. He was the Deputy General Manager of the Finance Department of Motorola (China) Electronic Co., Ltd and the Chief Financial Officer and the General Manager of the Asset Management Department of Zhongzhu Holdings Ltd.

Mr. Wu Changjiang, aged 40, joined the Group in 2009. He is the Assistant to the CEO of the Company. He holds a Master degree in Business Administration from Wuhan University and a qualification certificate of senior engineer. He has worked for Central China Grid Company Limited for many years. He has extensive experience in the power industry in the PRC.



Mr. Lu Yichuan, aged 31, joined the Group in 2010. He is the Deputy Chief Engineer of the Company. He holds a Doctorate degree from Dortmund University of Technology. He was the chief technical manager — wind power grid access of Siemens in Germany. He has worked for East China Grid Company.

Mr. Liu Ping, aged 46, joined the Group in 2010. He is the Deputy Chief Engineer of the Company. He holds a Bachelor degree in hydro engineering from Sichuan Engineering Institute and a qualification certificate of senior engineer. He was the chief engineer – renewable energy of Sinohydro Group. He has been involved in the design and consultancy of renewable energy for many years.

Ms. Zhang Lingzhen, aged 48, joined the Group in 2007. She is the Deputy Chief Economist of the Company. Ms. Zhang holds a Bachelor degree from Xi'an University of Architecture and Technology. She is a certified cost engineer, asset appraiser and consulting engineer in investment, and has extensive work experience in engineering costing and engineering management.

Mr. Wong Kwan Kit, Eric, aged 39, joined the Group as Financial Controller in 2007. He has extensive experience in accounting and financial management. Mr. Wong previously held senior management positions in a number of Hong Kong listed companies. He holds a Master of Business Administration degree from the Chinese University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Report of the Directors

The directors of the Company (the "Directors") submit their report together with the audited consolidated financial statements for the year ended 31 December 2010 (the "Year").

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in Note 17 to the financial statements. An analysis of the Group's income and contribution to operating profit for the Year is set out in Note 5 to the financial statements.

Results and Dividends

The results of the Group for the Year are set out in the consolidated income statement on pages 42 and 43. The Directors do not recommend the payment of a final dividend.

Reserves

Movements in the reserves of the Group and of the Company during the Year are set out in Note 31 to the financial statements.

Property, Plant and Equipment

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

Share Capital

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

Distributable Reserves

Details of the distributable reserves of the Company as at 31 December 2010 are set out in Note 31 to the financial statements.

Pre-emptive Rights

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

Report of the Directors

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years/period is set out on page 132.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Share Options

The Company has adopted the existing share option scheme (the "Share Option Scheme") on 16 April 2007.

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

Pursuant to this 10-year term Share Option Scheme, the Company can grant options to the Qualified Persons for a consideration of HK$1.00 for each grant payable by the Qualified Persons. The total number of the shares issued and to be issued upon exercise of the options granted to each Qualified Person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. On 4 January 2010, 130,000,000 share options were granted under the Share Option Scheme.

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

Movements of the share option are set out in Note 30 to the financial statements.

Subsequent to the balance sheet date and on 3 January 2011, the Company has granted 200,000,000 share options to Qualified Persons. As at the date of this report, the total number of share option that can be granted was 397,833,996, representing 5.38% of the issued share capital of the Company.

Report of the Directors

Directors

The Directors during the Year and up to the date of this report were:

Executive Directors

Mr. Liu Shunxing
Mr. Ko Chun Shun, Johnson
Mr. Wang Xun
Mr. Yang Zhifeng
Ms. Liu Jianhong
Mr. Yu Weizhou
Ms. Ko Wing Yan, Samantha
Mr. Chan Kam Kwan, Jason

Non-executive Directors

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors

Dr. Zhou Dadi
Dr. Wong Yau Kar, David, JP
Mr. Yap Fat Suan, Henry

In accordance with bye-law 99 of the Company's Bye-laws, Messrs. Ko Chun Shun, Johnson, Chan Kam Kwan, Jason, Tsoi Tong Hoo, Tony and Dr. Wong Yau Kar, David, JP shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

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

Report of the Directors

Directors' Service Contracts

None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year, or to pay compensation or make other payments equivalent to more than one year's emolument.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company or any of its fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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

As at 31 December 2010, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), or known to the Company, were as follows:

Interests and short positions in the shares of the Company as at 31 December 2010

(i) Long positions in the shares of the Company:

	Number of shares held and nature of interest				
Name of the Director	**Personal**	**Family**	**Corporate**	**Total**	**Approximate percentage of the total issued share capital** *(%)*
Liu Shunxing	—	—	2,023,469,387 [1]	2,023,469,387	27.38
Ko Chun Shun, Johnson	—	—	2,000,000,000 [2]	2,000,000,000	27.06

Report of the Directors

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

(i) Long positions in the shares of the Company: *(Continued)*

	Number of shares held and nature of interest				
Name of the Director	**Personal**	**Family**	**Corporate**	**Total**	**Approximate percentage of the total issued share capital** *(%)*
Wang Xun	—	—	2,023,469,387 [1]	2,023,469,387	27.38
Yang Zhifeng	—	—	2,023,469,387 [1]	2,023,469,387	27.38
Liu Jianhong	1,210,000	—	2,023,469,387 [1]	2,024,679,387	27.40
Ko Wing Yan, Samantha	—	—	20,000,000 [3]	20,000,000	0.27
Dr. Wong Yan Kar, David, JP	400,000	—	—	400,000	0.005
Yap Fat Suan, Henry	200,000	—	—	200,000	0.003

Notes:

1. The shares are held by China Wind Power Investment Limited, China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited ("Concord International"). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 64.64% of the issued shares of Concord International, and the above four Directors are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.

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

3. Ms. Ko Wing Yan, Samantha is deemed to be interested in 20,000,000 shares held by Pine Coral Limited ("Pine Coral"). Pine Coral is wholly owned by Ms. Ko Wing Yan, Samantha.

Report of the Directors

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

(ii) Long positions in the underlying shares of share options of the Company:

Details of the movement of the share options are set out in Note 30 to the financial statements.

Save as disclosed above, as at 31 December 2010, none of the directors and chief executives of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

Directors' Rights to Acquire Shares

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

Substantial Shareholders

As at 31 December 2010, save as disclosed under the section "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital under Section 336 of the SFO.

Report of the Directors

Substantial Shareholders *(Continued)*

Long positions in the shares of the Company:

Name of shareholder	Number of the shares of the Company held	Approximate percentage of the total issued share capital *(%)*
China Wind Power Investment Limited *(Note)*	2,023,469,387	27.38%

Note:

China Wind Power Investment Limited is wholly-owned by New Energy International Limited, which in turn is a wholly-owned subsidiary of Concord International Investment Limited ("Concord International"). Four executive Directors, namely Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong held as to 64.64% of the issued shares of Concord International, and the above four Directors are also the directors of Concord International, New Energy International Limited and China Wind Power Investment Limited.

Save as disclosed above, as at 31 December 2010, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Section 336 of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO.

Connected Transactions and Continuing Connected Transactions

A summary of the related parties transactions entered into by the Group during the year ended 31 December 2010 is contained in Note 38 to the consolidated financial statements.

On 5 May 2009, the Company and Liaoning Energy entered into a framework agreement ("2009 Framework Agreement") regarding, among other things, the proposed formation of certain new joint venture companies ("JVs"), the possible grant of certain guarantees by Liaoning Energy to these JVs, in conjunction with the possible grant of the counter indemnities by the Group to Liaoning Energy with the pledge of the Group's equity interests in the JVs as security, and the prospective provision of certain services, including wind power engineering, procurement and construction, manufacturing of wind tower tubes, wind power facilities design and maintenance ("Services") by the Group to Liaoning Energy and its associates (including the JVs). For details of the 2009 Framework Agreement, please refer to the circular of the Company dated 26 May 2009.

Connected Transactions and Continuing Connected Transactions *(Continued)*

On 18 May 2010, the Company and Liaoning Energy entered into another framework agreement ("2010 Framework Agreement") regarding, among other things the proposed formation of the more JVs and the provisions of similar guarantees and counter indemnities as described above. Moreover, due to more JVs will be established, the annual cap to cover the expected amount of Services which may be provided by the Group to Liaoning Energy and its associates (including the JVs) has been revised. For details of the 2010 Framework Agreement, please refer to the circular of the Company dated 18 June 2010.

The transactions contemplated under 2009 Framework Agreement and 2010 Framework Agreement were approved by the shareholders of the Company in the special general meeting dated 11 June 2009 and 7 July 2010 respectively.

The Group has established the following JVs and has provided the guarantees and counter indemnities in respect of its proportionate interests:

Date established	**Name of JV**	**Registered Capital**	**Equity Interests of the Group**	**Date of pledge equity interests**
6 February 2009	Fuxin Julonghu Wind Power Co.,Ltd.	RMB100 million	60%	October 2009
10 April 2009	Fuxin Qianfoshan Wind Power Co.,Ltd.	RMB100 million	60%	July 2010
5 May 2009	Fuxin Juyuan Wind Power Co.,Ltd.	RMB100 million	60%	July 2010
5 May 2009	Fuxin Juhe Wind Power Co.,Ltd.	RMB100 million	60%	March 2010
18 May 2010	Chaoyang Century Concord Juquan Wind Power Co.,Ltd.	RMB100 million	55%	—

The provision of Services under the 2009 Framework Agreement and 2010 Framework Agreement constitute continuing connected transaction under the Listing Rules.

Report of the Directors

Connected Transactions and Continuing Connected Transactions *(Continued)*

During the Year, the Group has provided the Services to the Joint Ventures for a consideration of RMB141,137,000 (2009: RMB60,368,000).

The above continuing connected transaction under the Framework Agreement had also been reviewed by the independent non-executive Directors who had confirmed that the said transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms and on terms in accordance with the Framework Agreement; and

(iii) in accordance with the Framework Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Management Contracts

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

Major Suppliers and Major Customers

During the Year, sales to the Group's largest 5 customers accounted for 54% of the total sales for the Year, and the largest customer included there in amounted to 17%.

Purchases from the Group's 5 largest suppliers accounted for 26% of the total purchases for the Year, and the largest supplier included therein amounted to 8%.

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

Report of the Directors

Corporate Governance

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 32 to 39 of the annual report.

Post Balance Sheet Event

Details of the post balance sheet event is set out in Note 39 to the financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient of public float of the Company's securities as required under the Listing Rules.

Auditor

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

On behalf of the Board

Liu Shunxing
Chairman & CEO

Hong Kong, 8 March 2011

Corporate Governance Report

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

The Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the code provisions in the Code on Corporate Governance Practices ("the Code") set out in the Appendix 14 to the Listing Rules on the Stock Exchange during the year except that there was no separation of the role of the chairman and CEO of the Company.

The Board

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

As at 31 December 2010, the Board comprised of twelve Directors, including the Chairman & CEO, Vice Chairman, six executive Directors, one non-executive Director and three independent non-executive Directors. Biographical details of the Directors are stated under the section "Biographical Details of Directors and Senior Management".

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

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

The Chairman is responsible for providing leadership to, and overseeing, the functioning of the Board to ensure that the Board acts in the best interest for the Group. Board meetings are planned and conducted effectively.

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

Corporate Governance Report

The Board *(Continued)*

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

There was no separation of the role of the Chairman & the CEO of the Group. Mr. Liu Shunxing, the CEO of the Group, has become of the Chairman of the Group since 10 June 2009, and has assumed the role of both the Chairman and the CEO of the Group. The Board considered that this structure could enhance efficiency in the formulation and implementation the Company's strategies in this fast development stage. The Board will review the need of appointing suitable candidate to assume the role of the CEO when necessary.

Ongoing dialogues are maintained with the Chairman and all Directors to keep them fully informed of all major business developments and issues.

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

The Board held 9 meetings during the year.

	Name of Director	**Attended/Eligible to attend**
Chairman & CEO	Liu Shunxing	9/9
Vice Chairman	Ko Chun Shun, Johnson	9/9

Corporate Governance Report

The Board *(Continued)*

	Name of Director	Attended/Eligible to attend
Executive Directors	Wang Xun	9/9
	Yang Zhifeng	9/9
	Liu Jianhong	9/9
	Yu Weizhou	9/9
	Ko Wing Yan, Samantha	9/9
	Chan Kam Kwan, Jason	9/9
Non-executive Director	Tsoi Tong Hoo, Tony	9/9
Independent Non-Executive Directors	Dr. Zhou Dadi	9/9
	Dr. Wong Yau Kar, David, JP	9/9
	Yap Fat Suan, Henry	9/9

All Directors are subject to re-election by shareholders at the annual general meeting following their appointments. The Directors shall retire and shall be eligible to offer themselves for re-election at least once every three years according to the bye-laws of the Company. None of the Directors has a service contract with the Company which requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emolument.

All Directors confirmed that they have complied with the Model Code in their securities transactions during the year.

Directors' Responsibility for the Financial Statements

The following statements, which set out the responsibilities of the Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Independent Auditor's report on page 40 which acknowledges the reporting responsibilities of the Group's Auditors.

Annual Report and Financial Statements

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

Accounting Policies

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

Corporate Governance Report

Directors' Responsibility for the Financial Statements *(Continued)*

Accounting Records

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

Safeguarding Assets

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

Company Secretary

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that the activities of the Board are carried out efficiently and effectively. The Company Secretary assists the Chairman to prepare agendas and Board papers for meetings and disseminates such documents to the Directors and board committees in a timely manner. The Company Secretary is responsible for ensuring that the Board is fully briefed on all legislative, regulatory and corporate governance developments when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules and Codes on Takeovers and Mergers and Share Repurchases, including publication and dissemination of Report and Financial Statements and interim reports within the period laid down in the Listing Rules, timely dissemination of announcements and information relating to the Group to the market and ensuring that proper notification is made when there are any dealings of the Director in the securities of the Group.

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

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

Audit Committee

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

Corporate Governance Report

Audit Committee *(Continued)*

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

The Audit Committee held 2 meetings during the year.

Name of Member	**Attended/Eligible to attend**
Dr. Wong Yau Kar, David, JP	2/2
Yap Fat Suan, Henry	2/2
Tsoi Tong Hoo, Tony	2/2

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

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

Financial Statements

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

External Auditors

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

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

Corporate Governance Report

Review of Risk Management and Internal Control

The Audit Committee reviews the process by which the Group evaluates its control environment and its risk assessment process, and the way in which business and risks are managed, and to ensure that the management has discharged its duty to have an effective internal control system, including the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. In reliance on these reviews, the Audit Committee makes a recommendation to the Board for the approval of the consolidated financial statements for the year.

Auditors' Remuneration

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

Nature of the services	**31 December 2010**	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Audit services	**2,550**	2,550
Other services	**2,170**	200
	4,720	2,750

Remuneration Committee

The Remuneration Committee comprises 3 members. The Remuneration Committee is chaired by Mr. Ko Chun Shun, Johnson, with Mr. Yap Fat Suan, Henry and Dr. Wong Yau Kar, David, JP being the members. The Remuneration Committee meets for the determination of the remuneration packages of Directors and senior management of the Group. In addition, the Remuneration Committee also meets as and when required to consider remuneration related matters.

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

The Remuneration Committee held 1 meeting during the year.

Remuneration Committee *(Continued)*

Name of Member	Attended/Eligible to attend
Ko Chun Shun, Johnson	1/1
Dr. Wong Yau Kar, David, JP	1/1
Yap Fat Suan, Henry	1/1

Internal Control and Group Risk Management

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

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

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

The Board also reviews at least annually the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

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

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

Corporate Governance Report

Investor Relations and Shareholders' Rights

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

Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice is given. The Chairman and Directors are available to answer questions on the Group's business at the meeting. Subject to the bye-laws of the Company, all shareholders shall have statutory rights to call for special general meetings and put forward agenda items for consideration in the general meetings. All resolutions at the general meeting are decided by a poll which is conducted by the Group's branch share registrar in Hong Kong.

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

Independent Auditor's Report

羅兵咸永道會計師事務所

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

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

We have audited the consolidated financial statements of China WindPower Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 42 to 131, which comprise the consolidated and company balance sheets as at 31 December 2010, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

Auditor's responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, 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, 8 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	Note	For the year ended 31 December 2010 HK$'000	For the nine months ended 31 December 2009 HK$'000
Continuing operations			
Revenue	6	**1,236,020**	562,597
Other income	6	**7,329**	3,912
Other gains, net	7	**1,888**	17,552
Expenses			
Cost of construction and inventories sold		**(713,719)**	(323,899)
Employee benefit expense	9(a)	**(101,276)**	(57,895)
Depreciation and amortisation		**(9,633)**	(4,749)
Operating lease payments in respect of land and buildings		**(8,955)**	(3,775)
Other expenses		**(55,129)**	(33,338)
Finance costs	8	**(4,465)**	(1,729)
Share of results			
— associates		**4,483**	4,020
— jointly controlled entities		**192,464**	31,700
Profit before income tax	10	**549,007**	194,396
Income tax expense	11	**(121,784)**	(12,654)
Profit for the year/period from continuing operations		**427,223**	181,742
Discontinued operations			
Loss from discontinued operations	33	**—**	(506)
Profit for the year/period		**427,223**	181,236
Profit attributable to equity holders of the Company		**427,223**	181,236

Consolidated Income Statement

For the year ended 31 December 2010

	Note	For the year ended 31 December 2010 HK$'000	For the nine months ended 31 December 2009 HK$'000
Earnings/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company during the year/period			
Basic earnings/(loss) per share	*13(a)*		
From continuing operations		**5.85 HK cents**	2.66 HK cents
From discontinued operations		**—**	(0.01) HK cents
		5.85 HK cents	2.65 HK cents
Diluted earnings/(loss) per share	*13(b)*		
From continuing operations		**5.78 HK cents**	2.59 HK cents
From discontinued operations		**—**	(0.01) HK cents
		5.78 HK cents	2.58 HK cents

The notes on pages 51 to 131 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Profit for the year/period	**427,223**	181,236
Other comprehensive income:		
Currency translation differences	**104,229**	4,017
Total comprehensive income for the year/period	**531,452**	185,253
Total comprehensive income attributable to equity holders of the Company	**531,452**	185,253

The notes on pages 51 to 131 are an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	**1,585,434**	123,215
Land use rights	*15*	**121,645**	209
Intangible assets	*16*	**1,262,995**	1,220,735
Interests in associates	*18*	**135,919**	93,421
Interests in jointly controlled entities	*19*	**916,556**	742,001
Deferred tax assets	*32*	**23,182**	16,590
		4,045,731	2,196,171
Current assets			
Inventories	*20*	**44,425**	52,221
Trade receivables	*22*	**108,936**	48,947
Prepayments, deposits and other receivables	*23*	**139,258**	39,276
Amounts due from associates	*18*	**14,368**	22,229
Amounts due from jointly controlled entities	*19*	**339,982**	37,400
Cash and cash equivalents	*24*	**732,544**	1,109,561
		1,379,513	1,309,634
Total assets		**5,425,244**	3,505,805

Consolidated Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000
Liabilities			
Non-current liabilities			
Borrowings	28	**802,057**	—
Deferred tax liabilities	32	**2,072**	—
		804,129	—
Current liabilities			
Trade and bill payables	26	**203,250**	96,415
Other payables and accruals	27	**158,338**	61,565
Amounts due to jointly controlled entities	19	**31,690**	34,875
Borrowings	28	**247,275**	34,072
Tax payables		**67,067**	11,035
		707,620	237,962
Total liabilities		**1,511,749**	237,962
Net current assets		**671,893**	1,071,672
Total assets less current liabilities		**4,717,624**	3,267,843
Net assets		**3,913,495**	3,267,843
Equity			
Equity attributable to owners of the Company			
Share capital	29	**73,915**	72,787
Reserves		**3,839,580**	3,195,056
Total equity		**3,913,495**	3,267,843

Liu Shunxing
Director

Ko Chun Shun, Johnson
Director

The notes on pages 51 to 131 are an integral part of these financial statements.

Balance Sheet

As at 31 December 2010

	Note	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*14*	**8**	289
Interests in subsidiaries	*17*	**2,672,412**	2,004,165
		2,672,420	2,004,454
Current assets			
Amounts due from subsidiaries	*17*	**170,728**	722,859
Amount due from a jointly controlled entity	*19*	**625**	535
Prepayments and deposits	*23*	**2,824**	1,471
Cash and cash equivalents	*24*	**6,564**	29,744
		180,741	754,609
Total assets		**2,853,161**	2,759,063
Liabilities			
Current liabilities			
Other payables and accruals	*27*	**5,879**	4,133
		5,879	4,133
Total liabilities		**5,879**	4,133
Net current assets		**174,862**	750,476
Total assets less current liabilities		**2,847,282**	2,754,930
Net assets		**2,847,282**	2,754,930
Equity			
Equity attributable to owners of the Company			
Share capital	*29*	**73,915**	72,787
Reserves	*31*	**2,773,367**	2,682,143
Total equity		**2,847,282**	2,754,930

Liu Shunxing
Director

Ko Chun Shun, Johnson
Director

The notes on pages 51 to 131 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Premium arising on acquisition of non-controlling interests HK$'000	Exchange reserve HK$'000	Other reserves HK$'000	(Accumulated losses)/ retained earnings HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2009	62,545	2,137,413	78,810	(35,481)	121,745	169,647	(63,714)	2,470,965	13,605	2,484,570
Comprehensive income										
Profit for the period	—	—	—	—	—	—	181,236	181,236	—	181,236
Other comprehensive income										
Currency translation differences	—	—	—	—	4,017	—	—	4,017	—	4,017
Total other comprehensive income	—	—	—	—	4,017	—	—	4,017	—	4,017
Total comprehensive income	—	—	—	—	4,017	—	181,236	185,253	—	185,253
Transactions with owners										
Subscription of new ordinary shares	7,000	572,906	—	—	—	—	—	579,906	—	579,906
Exercise of share options	7	682	—	—	—	(345)	—	344	—	344
Issuance of ordinary shares upon conversions of convertible notes	3,235	184,212	—	—	—	(163,667)	—	23,780	—	23,780
Loss of control over a subsidiary	—	—	—	—	—	—	—	—	(13,605)	(13,605)
Share-based compensation	—	—	—	—	—	7,595	—	7,595	—	7,595
Total transactions with owners	10,242	757,800	—	—	—	(156,417)	—	611,625	(13,605)	598,020
Balance at 31 December 2009	72,787	2,895,213	78,810	(35,481)	125,762	13,230	117,522	3,267,843	—	3,267,843
Comprehensive income										
Profit for the year	—	—	—	—	—	—	427,223	427,223	—	427,223
Other comprehensive income										
Currency translation differences	—	—	—	—	104,229	—	—	104,229	—	104,229
Total other comprehensive income	—	—	—	—	104,229	—	—	104,229	—	104,229
Total comprehensive income	—	—	—	—	104,229	—	427,223	531,452	—	531,452
Transactions with owners										
Subscription of new ordinary shares	1,011	76,689	—	—	—	—	—	77,700	—	77,700
Exercise of share options	117	5,852	—	—	—	(1,474)	—	4,495	—	4,495
Forfeiture of share options	—	—	—	—	—	(406)	—	(406)	—	(406)
Share-based compensation	—	—	—	—	—	32,411	—	32,411	—	32,411
Total transactions with owners	1,128	82,541	—	—	—	30,531	—	114,200	—	114,200
Balance at 31 December 2010	**73,915**	**2,977,754**	**78,810**	**(35,481)**	**229,991**	**43,761**	**544,745**	**3,913,495**	**—**	**3,913,495**

The notes on pages 51 to 131 are an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	**For the year ended 31 December 2010 HK$'000**	For the nine months ended 31 December 2009 HK$'000
Cash flows from operating activities			
Cash generated from operations	37	**330,835**	251,898
Income tax paid		**(70,079)**	(13,281)
Net cash generated from operating activities		**260,756**	238,617
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,467,316)**	(83,512)
Purchases of land use rights		**(121,871)**	(34)
Proceeds from disposal of property, plant and equipment		**1,678**	58
Loss of control over a subsidiary	34(b)	**—**	(24,821)
Acquisition of interest in a jointly controlled entity	34(c)	**—**	(39,904)
Capital injection to associates		**(42,265)**	(36,870)
Capital injection into jointly controlled entities		**(182,724)**	(393,302)
Net proceeds received from joint venture partners	34(a)	**51,691**	—
Proceeds from disposal of subsidiaries	34(d)	**—**	34,000
Proceeds from disposal of an associate	34(e)	**—**	51,323
Proceeds from disposal of financial assets at fair value through profit or loss		**1,527**	1,611
Dividends received from associates		**5,334**	—
Dividends received from jointly controlled entities		**15,849**	—
Interest received		**3,384**	3,541
Net cash used in investing activities		**(1,734,713)**	(487,910)

Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Note	**For the year ended 31 December 2010 HK$'000**	For the nine months ended 31 December 2009 HK$'000
Cash flows from financing activities			
Net proceeds from issuance of new ordinary shares		**77,700**	579,906
Net proceeds from exercise of share options		**4,495**	344
Proceeds from borrowings		**1,402,240**	80,638
Repayment of borrowings		**(388,163)**	(46,566)
Interest paid		**(4,465)**	(1,149)
Interest element on finance lease payments		**—**	(4)
Capital element of finance lease payments		**—**	(45)
Net cash generated from financing activities		**1,091,807**	613,124
Net (decrease)/increase in cash and cash equivalents		**(382,150)**	363,831
Cash and cash equivalents at beginning of the year/period		**1,109,561**	745,061
Exchange gain on cash and cash equivalents		**5,133**	669
Cash and cash equivalents at end of the year/period		**732,544**	1,109,561
Analysis of balances of cash and cash equivalents			
Cash and bank balances	*24*	**732,544**	1,109,561

The notes on pages 51 to 131 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1. Corporate information

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

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

- Consultancy and design, engineering and construction, manufacture of tower tube equipment, operation and maintenance of wind power plants and investment in wind power plant.

The shares of the Company are listed on the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 8 March 2011.

Change of financial year end date

The financial year end date of the Company and the Group has been changed from 31 March to 31 December in year 2009 so as to be coterminous with the statutory financial year end date of our principal operating subsidiaries, which are mainly situated in the People's Republic of China ("PRC"). Accordingly, the comparative figures for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes thereto are not comparable, as the current financial period covers a twelve-month period from 1 January 2010 to 31 December 2010 and the comparative figures cover a nine-month period from 1 April 2009 to 31 December 2009.

Notes to the Consolidated Financial Statements

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

Change in accounting policy and disclosures

(a) New and amended HKFRSs adopted by the Group

The Group has adopted the following new and amended HKFRSs issued by HKICPA, which are effective for the Group's financial year beginning on or after 1 January 2010, and are relevant to the Group.

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

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures *(Continued)*

(a) New and amended HKFRSs adopted by the Group *(Continued)*

HKFRS 3 (Revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should re-measure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognising a gain or loss in the consolidated income statement. All acquisition-related costs should be expensed. HKFRS 3 (Revised) has had no impact on the Group's financial statements for the current year.

HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When control over a previous subsidiary is lost, any remaining interest in the entity is re-measured to fair value and the resulting gain or loss is recognised in the consolidated income statement. HKAS 27 (Revised) has had no impact on the Group's financial statements for the current year.

HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "land use rights", and amortised over the lease term. HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and no reclassification of leasehold land from operating lease to finance lease required.

Notes to the Consolidated Financial Statements

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

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures *(Continued)*

(a) New and amended HKFRSs adopted by the Group *(Continued)*

HKFRS 2 (Amendments), 'Group cash-settled share-based payment transactions', are effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, 'HKFRS 2 — Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation. The Group had been applied HKFRS 2 (Amendments) from 1 January 2010 which has had no material impact on the Group's financial statements for the current year.

HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations', clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. HKFRS 5 (Amendment) has had no material impact on the Group's financial statements for the current year.

HKAS 36 (Amendment), 'Impairment of assets', effective for the periods beginning on or after 1 January 2010, clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The Group applied HKAS 36 (Amendment) in the current year which goodwill had been allocated to the Group's cash generating units identified according to operating segments for the purposes of impairment testing. See Note 16 for further details.

HKAS 38 (Amendment), 'Intangible assets', and additional consequential amendments arising from HKFRS 3 (Revised) and measuring the fair value of an intangible asset acquired in business combination, clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. HKAS 38 (Amendment) has had no material impact on the Group's financial statements for the current year.

Notes to the Consolidated Financial Statements

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

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures *(Continued)*

(a) New and amended HKFRSs adopted by the Group *(Continued)*

HK Int — 5 'Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause' clarified that a liability, which may be callable by the leader at any time without clause (an overriding right of demand), must be classified as a current liability. The Group applied HK Int — 5 for the annual periods beginning 1 January 2010 and there is no material impact on the Group's financial statements for the current year.

(b) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted

HKAS 32 (Amendment)	Classification of Rights Issue
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HKFRS 9	Financial Instruments
Improvements to HKFRSs 2010:	
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements

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

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

2.2 Consolidation

(i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (Note 2.6).

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

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.2 Consolidation *(Continued)*

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

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. JCEs are joint ventures that involve the establishment of a cooperation, for which there is a contractual arrangement between the venturers establishing joint control over the economic activity of the entity. Investments in associates and JCEs are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates and JCEs include goodwill identified on acquisition, net of any accumulated impairment loss (Note 2.8).

The Group's share of its associates' and JCEs' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associates or JCEs equal or exceed its interests in the associates or JCEs, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or JCEs.

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

When the Group receives a consideration from another venturer as a compensation for the Group to contribute its non-monetary assets to a JCE, the difference between the fair value of consideration received from the venturer and the portion of carrying amount of non-monetary assets contributed attributable to equity interests of the other venturer is recognised as a gain or loss in the consolidated income statement. The unrealised gains or losses on non-monetary assets contributed to JCEs are eliminated against the investment under the equity method.

In the Company's balance sheet, the investments in associates and JCEs are stated at cost less provision for impairment losses (Note 2.8). The results of associates and JCEs are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements

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

2.2 Consolidation *(Continued)*

(iii) Partial disposal

When the Group ceases to have a control or significant influence over an entity, any retained interest in the entity is re-measured to its fair value at the date the control and significant influence is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a JCE or a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. As a result, the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

If the ownership of interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

Previously, when the Group ceased to have a control or significant influence over an entity, the carrying amount of the investment at the date the control or significant influence is lost became its cost for the purposes of subsequently accounting for the retained interests as associates, JCE or financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a result, no adjustments were necessary to any of the amounts previously recognised in the consolidated financial statements.

2.3 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 that makes strategic decisions.

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

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using Renminbi ("RMB"), the currency of the primary economic environment in which the entity operates ("the functional currency"). As the Company is listed on the Main Board of the Hong Kong Stock Exchange, the directors consider that it will be more appropriate to adopt HK$ as the Group's and the Company's presentation currency. Accordingly, the consolidated financial statements are presented in HK$.

(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 items are re-measured. 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 consolidated income statement.

(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:

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

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

— all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. 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 sale.

Notes to the Consolidated Financial Statements

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

2.4 Foreign currency translation *(Continued)*

(c) Group companies *(Continued)*

On consolidation, exchange differences arising from translation of inter-company loan balances between group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in foreign entities. When such loans are repaid, the related exchange gains or losses are transferred out of the exchange reserve and recognised in 'other expenses' in the consolidated income statement.

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.

2.5 Property, plant and equipment

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

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

Construction in progress is stated at cost, which includes borrowing costs incurred to finance the construction, and is proportionally attributed to qualifying assets.

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

Buildings	20 to 25 years
Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	3 to 20 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

2.5 Property, plant and equipment *(Continued)*

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 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains, net' in the consolidated income statement.

2.6 Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries/associates/JCEs at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates/JCEs is included in investments in associates/JCEs and is tested for impairment as part of the overall balances. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(ii) Other intangible assets

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

2.7 Land use rights

The land use rights have finite useful life and carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs of land use rights over their lease terms.

Notes to the Consolidated Financial Statements

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

2.8 Impairment of investments in subsidiaries, associates, JCEs and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are 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 operation segments (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.

Impairment testing of the investments in subsidiaries, associates or JCEs is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or JCE in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probably.

2.10 Financial assets

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

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

2.10 Financial assets *(Continued)*

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise trade receivables, deposits and other receivables, amounts due from associates and JCEs and cash and cash equivalents in the consolidated and company balance sheets (Notes 2.14 and 2.15).

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

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the consolidated 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 consolidated 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 established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2.11.

Notes to the Consolidated Financial Statements

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

2.11 Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Management determines the provision for impairment of receivables. This estimate is based on the credit history of its receivables and the current market condition. Management reassesses the provision at each balance sheet date.

Significant judgement is exercised on the assessment of the collectability of receivables. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial position. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

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

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the specific identification of their individual costs. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Construction contracts

The accounting policy for contract revenue is set out in Note 2.22. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

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

The Group uses the percentage of completion method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the percentage of surveys of work performed for individual contract at the balance sheet date. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers (including associates and JCEs) for contract work for all contracts in progress for which costs incurred plus recognised profits exceed progress billings. Progress billings not yet paid by customers and retention are included within ‘trade receivables’.

The Group presents as a liability the gross amount due to customers (including associates and JCEs) for contract work for all contracts in progress for which progress billings exceed costs incurred plus recongised profits.

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

2.14 Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables mainly represent amounts due from PRC local government authority in relation to the amounts paid to guarantee the construction projects of wind power plants. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade, other receivables and amounts due from subsidiaries, JCEs and associates are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

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

2.16 Share capital

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

2.17 Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

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

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method except for borrowing costs capitalised for qualifying assets (Note 2.5).

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

2.19 Current and deferred income tax

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

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

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

Notes to the Consolidated Financial Statements

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

2.19 Current and deferred income tax *(Continued)*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and JCEs, except for deferred income tax 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.

Deferred income tax assets are recognised on temporary differences arising from the elimination of unrealised profits. They are amortised at a rate according to depreciation rate of assets retained within the Group.

2.20 Employee benefits

(a) Pension obligations

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

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

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

2.20 Employee benefits *(Continued)*

(b) Share-based compensation

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments 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 service and non-market performance vesting conditions (for example, profitability and sales growth targets). Forfeiture occurs when either a service or a non-market performance condition is not met. 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 based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. 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.

(c) Paid leave carried forward

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

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

2.21 Provisions

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

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

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

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

(i) Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyers and the goods are accepted by the customers and collectability of the related receivables is reasonably assured.

(ii) Sales of services are recognised when the services are rendered.

(iii) Contract revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of surveys of work performed (Note 2.13).

(iv) Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable. Dividend income is recognised when the shareholders' right to receive payment has been established.

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

2.22 Revenue recognition *(Continued)*

(v) Dealings in securities and sale of investments are recognised on the transaction dates when the relevant contract notes are exchanged or on the settlement dates when the securities are delivered.

(vi) Sales of carbon emission rights are recognised when the rights are utilised by the buyers.

2.23 Leases

(a) Operating leases

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

(b) Finance leases

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

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

2.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

3. Financial risk management

3.1 Financial risk factors

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

As at 31 December 2010, the Group's financial instruments mainly consisted of trade receivables, deposits and other receivables, amounts due from associates, amounts due from/to JCEs, cash and cash equivalents, trade and bill payables, other payables and accruals and borrowings. Details of these financial instruments are disclosed in Note 21.

(a) Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from monetary assets and liabilities denominated in foreign currencies.

The Group operates mainly in the PRC and Hong Kong. Majority of revenues and cost of construction and inventories are denominated in RMB, same as the functional currency.

Certain bank balances and borrowings are denominated in United States dollars ("US$") and are hence exposed to foreign exchange risk. Details of the Group's bank balances and borrowings denominated in foreign currencies are disclosed in Notes 24 and 28, respectively.

As at 31 December 2010, if US$ had strengthened/weakened by 5% against RMB with all other variables held constant, the profit for the year and equity would decrease/increase by HK$16,083,000 (2009: increase/decrease by HK$1,129,000), mainly as a result of foreign exchange losses/gains on translation of US$ denominated bank balances and borrowings.

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) ***Market risk*** *(Continued)*

(ii) Cashflow and fair value interest rate risk

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

The Group's cashflow interest rate risk arises from bank balances and borrowings. Borrowings issued at variable rates expose the Group to cashflow interest rate risk which is partially offset by bank balances held at variable rates.

The interest rate profile of the Group's borrowings is disclosed in Note 28. The cash deposits placed with banks generate interest at the prevailing market interest rates.

If interest rates had been 50 basis points higher/lower and all other variable were held constant, the Group's profit for the year and the equity would increase/decrease by HK$1,121,000 (2009: HK$5,241,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances and borrowings.

(b) ***Credit risk***

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

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

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) ***Credit risk*** *(Continued)*

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

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

(c) ***Liquidity risk***

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

As at 31 December 2010, the Group has available unutilised bank and other loans facilities of approximately HK$324,915,000 (2009: HK$22,710,000).

The table below analyses the non-derivative financial liabilities of the Group and the Company 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 were the contractual undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay. Balances due within twelve months approximate their carrying balances, as the impact of discounting was not significant.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) ***Liquidity risk*** *(Continued)*

As at 31 December 2010

	Group				
	Less than 3 months	**3-6 months**	**6-12 months**	**1-2 years**	**Over 2 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade, bill and other payables	**239,235**	**33,066**	**21,692**	**314**	**1,781**
Amounts due to JCEs	**11,712**	**—**	**—**	**—**	**—**
Borrowings	**7,680**	**39,831**	**239,665**	**153,413**	**930,525**

	Company				
	Less than 3 months	**3-6 months**	**6-12 months**	**1-2 years**	**Over 2 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Other payables	**4,098**	**—**	**—**	**—**	**1,781**

As at 31 December 2009

	Group				
	Less than 3 months	3-6 months	6-12 months	1-2 years	Over 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	86,689	34,554	11,780	4,016	1,781
Amounts due to JCEs	5,667	—	—	—	—
Borrowings	34,072	—	—	—	—

	Company				
	Less than 3 months	3-6 months	6-12 months	1-2 years	Over 2 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	2,352	—	—	—	1,781

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as long-term liabilities divided by total capital. Total capital is calculated as equity plus long-term liabilities.

As at 31 December 2009, no bank borrowing was obtained by the Group. The gearing ratio did not apply as at 31 December 2009 as the Group had cash surplus after allowing for the debt. The cash surplus is a remaining balance of fund from the fund raising activities made during the period and shall be applied to for the Group's future business and expansion requirements.

The Group's long-term liabilities and total capital positions as at 31 December 2010 were as follows:

	HK$'000
Long-term liabilities	804,129
Total equity	3,913,495
Total capital	4,717,624
Gearing ratio	17%

3.3 Fair value estimation

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

4. Critical accounting estimates and judgements

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

(a) Percentage of completion of construction works

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

(b) Income tax

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

(c) Impairment of assets

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

— property, plant and equipment;
— interests in subsidiaries, associates and JCEs;
— goodwill and other intangible asset; and
— trade and other receivables

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

(c) Impairment of assets *(Continued)*

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment. An impairment loss is recognised in the consolidated income statement whenever the carrying amount of an asset exceeds its recoverable amount (Note 16).

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

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

(d) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment with similar nature and function. It could change significantly as a result of changes in the Group's operations including any future relocation or renovation of the Group's facilities. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down nonstrategic assets that have been abandoned or sold.

5. Segment information

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making.

Continuing operations

The executive directors consider the business from a product and service perspective. Summary of details of the operating segments is as follows:

- Consultancy and design — providing technical and consultancy services and securing wind power resources in renewable energy industry;
- Engineering and construction — undertaking electrical engineering and construction of wind power plant projects;
- Manufacture of tower tube equipment — manufacturing of tower tube and gear box equipments for wind power business;
- Operation and maintenance of wind power plants — providing operation and maintenance services to wind power plants; and
- Investment in wind power plant — investing in wind power plants.

The executive directors assess the performance of the operating segments based on a measure of adjusted earnings before interest and income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as equity-settled share-based payments and unrealised gains/losses on financial instruments.

Segment assets comprise goodwill, interests in associates, interests in JCEs, property, plant and equipment, land use rights, other intangible asset, inventories, receivables and cash and cash equivalents which are related to the segments identified as continuing operations.

Segment liabilities comprise payables, borrowings and tax payables which are related to the segments identified as continuing operations.

Inter-segment sales and transfers are transacted at cost or with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Company is domiciled in Bermuda. None of its revenue was generated from customers in Bermuda and no non-current assets are located in Bermuda.

One (2009: Nil) single customer contributes more than 10% revenue of the Group. Revenues of approximately HK$212,641,000 (2009: Nil) are derived from a single external customer. These revenues are attributable to the tower tube equipment manufacturing segment.

Discontinued operations

On 5 March 2009, the Company entered into a sale and purchase agreement to dispose of the entire equity interests in China Windpower Group Limited, a wholly-owned subsidiary of the Company incorporated in British Virgin Islands ("BVI"), which in turn, directly and indirectly, held the entire issued share capital of each of Nam Pei Hong Sum Yung Drugs Company Limited, NPH Sino-Meditech Limited, Poo Yuk Loong Limited and Poo Yuk Loong (Shenzhen) Limited (collectively, "NPH Group") (Note 34(d)). As a result, the NPH Group represented a discontinued operation.

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

Business segments

For the year ended 31 December 2010

	Consultancy and design HK$'000	Engineering and construction HK$'000	Tower tube equipment manufacturing HK$'000	Wind power plant operation and maintenance HK$'000	Investment in wind power plant HK$'000	Total HK$'000
Segment revenue						
Inter-segment sales	16,810	183,220	(21,631)	10,362	(188,761)	**—**
Sales to external customers	73,169	517,313	591,428	54,110	—	**1,236,020**
Segment results	42,430	129,798	179,974	19,020	201,079	**572,301**
Finance income	1,183	332	753	48	1,068	**3,384**
Other gains, net	412	135	241	388	712	**1,888**
Unallocated income						**3,945**
Unallocated expenses						**(28,046)**
Finance costs	—	(588)	(3,857)	—	(20)	**(4,465)**
Profit before income tax						**549,007**
Income tax expense	(14,067)	(76,331)	(23,689)	(2,368)	(5,329)	**(121,784)**
Profit for the year						**427,223**
Segment assets	140,871	733,475	365,011	176,426	3,936,825	**5,352,608**
Segment assets include:						
Goodwill	16,242	45,003	32,416	74,986	1,092,385	
Interests in associates	204	—	6,753	—	128,962	
Interests in JCEs	—	—	—	—	916,556	
Unallocated assets						**72,636**
Total assets						**5,425,244**
Segment liabilities	(39,002)	(431,786)	(236,085)	(13,609)	(782,256)	**(1,502,738)**
Unallocated liabilities						**(9,011)**
Total liabilities						**(1,511,749)**
						Unallocated
Other segment information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	3,329	53,364	14,141	39,456	1,355,991	1,035
Depreciation	599	4,506	2,352	1,321	1,197	545
Amortisation of intangible asset and land use rights	—	98	285	—	49	129
Loss on disposal of property, plant and equipment	—	(46)	143	—	—	—
Share-based compensation	4,449	24,842	1,078	1,636	—	—

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

Business segments

For the nine months ended 31 December 2009

	Consultancy and design *HK$'000*	Engineering and construction *HK$'000*	Tower tube equipment manufacturing *HK$'000*	Wind power plant operation and maintenance *HK$'000*	Investment in wind power plant *HK$'000*	Total *HK$'000*
Segment revenue						
Inter-segment sales	34,218	(15,435)	—	—	(18,783)	—
Sales to external customers	49,561	227,968	270,071	14,997	—	562,597
Segment results	24,476	53,046	81,857	5,610	35,439	200,428
Finance income	3,021	241	185	14	80	3,541
Other gains, net						17,552
Unallocated income						371
Unallocated expenses						(25,767)
Finance costs	(693)	(88)	(948)	—	—	(1,729)
Profit before income tax						194,396
Income tax expense	—	(12,407)	(247)	—	—	(12,654)
Profit for the period from continuing operations						181,742
Loss from discontinued operations						(506)
Profit for the period						181,236
Segment assets	536,338	240,817	310,336	139,893	1,979,240	3,206,624
Segment assets include:						
Goodwill	15,058	41,722	30,053	69,521	1,062,357	
Interests in associates	225	—	6,416	—	86,780	
Interests in JCEs	—	—	—	—	742,001	
Unallocated assets						299,181
Total assets						3,505,805
Segment liabilities	(11,024)	(137,854)	(77,668)	(5,054)	(940)	(232,540)
Unallocated liabilities						(5,422)
Total liabilities						(237,962)
						Unallocated
Other segment information						
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,382	5,933	753	25,708	50,079	11
Depreciation	341	2,674	1,330	95	289	324
Amortisation of intangible asset and land use rights	—	—	469	—	—	75
Loss on disposal of property, plant and equipment	—	—	98	—	—	—
Share-based compensation	1,575	1,760	252	205	—	3,802

6. Revenue and other income

Revenue represents consultancy and construction income, the net invoiced value of goods sold and other services rendered during the year/period.

An analysis of revenue and other income is as follows:

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Revenue	**1,236,020**	562,597
Other income		
Interest income	**3,384**	3,541
Others	**3,945**	371
	7,329	3,912

7. Other gains, net

An analysis of other gains, net is as follows:

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Gain on disposal of subsidiaries *(Note 34(d))*	**—**	3,312
Gain on disposal of an associate *(Note 34(e))*	**—**	4,460
Gain on assets contribution to JCEs *(Note 34(a))*	**361**	—
Gain on acquisition of a JCE *(Note 34(c))*	**—**	8,169
Net realised gains on disposal of financial assets at fair value through profit or loss	**1,527**	1,611
	1,888	17,552

8. Finance costs

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Interest on convertible notes	**—**	689
Interest on bank borrowings, wholly repayable within five years	**12,334**	1,036
Interest on other loans, not wholly repayable within five years	**1,555**	—
Interest on finance lease	**—**	4
Others	**20**	—
	13,909	1,729
Less: Interest capitalised *(Note (i))*	**(9,444)**	—
	4,465	1,729

Note:

(i) Borrowing costs have been capitalised at various applicable rates ranging from 4.39% to 7.74% (2009: Nil) per annum for qualifying assets classified as construction in progress under property, plant and equipment (Note 14).

9. Employee benefit expense and directors' emoluments

(a) Employee benefit expense

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Wages and salaries	**63,709**	47,183
Pension costs — defined contribution plans *(Note (i))*	**5,562**	3,118
Share-based compensation *(Note 30)*	**32,005**	7,594
	101,276	57,895

9. Employee benefit expense and directors' emoluments *(Continued)*

(a) Employee benefit expense *(Continued)*

Note:

(i) As at 31 December 2010, the Group had no significant forfeited contributions available to reduce its contributions to the pension scheme in future years (2009: Nil).

(b) Directors' emoluments

Details of directors' emoluments are set out below:

	Group					
	For the year ended 31 December 2010					
	Fees	Basic salaries, allowance and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Share-based compensation *(Note)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman						
Liu Shunxing	—	2,746	—	—	2,584	**5,330**
Executive directors						
Ko Chun Shun, Johnson	—	1,327	—	12	288	**1,627**
Wang Xun	—	1,807	—	—	1,742	**3,549**
Yang Zhifeng	—	1,868	—	—	1,742	**3,610**
Liu Jianhong	—	1,862	—	—	1,742	**3,604**
Yu Weizhou	—	1,625	—	—	1,493	**3,118**
Ko Wing Yan, Samantha	—	980	—	12	635	**1,627**
Chan Kam Kwan, Jason	—	300	—	12	305	**617**
Non-executive director						
Tsoi Tong Hoo, Tony	144	—	—	—	338	**482**
Independent non-executive directors						
Yap Fat Suan, Henry	144	—	—	—	218	**362**
Wong Yau Kar, David, JP	144	—	—	—	218	**362**
Zhou Dadi	144	—	—	—	189	**333**
	576	**12,515**	**—**	**36**	**11,494**	**24,621**

9. Employee benefit expense and directors' emoluments *(Continued)*

(b) Directors' emoluments *(Continued)*

	Group					
	For the nine months ended 31 December 2009					
	Fees	Basic salaries, allowance and benefits	Discretionary bonuses	Employer's contribution to pension scheme	Share-based compensation *(Note)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Chairman						
Liu Shunxing	—	1,540	—	—	523	2,063
Executive directors						
Ko Chun Shun, Johnson	—	592	—	9	320	921
Wang Xun	—	1,228	—	—	387	1,615
Yang Zhifeng	—	1,059	—	—	387	1,446
Liu Jianhong	—	1,019	—	—	387	1,406
Yu Weizhou	—	775	—	—	107	882
Ko Wing Yan, Samantha	—	391	—	5	—	396
Chan Kam Kwan, Jason	—	312	—	9	105	426
Non-executive director						
Tsoi Tong Hoo, Tony	108	—	—	—	209	317
Independent non-executive directors						
Ho Tak Man, Billy	76	—	—	—	75	151
Yap Fat Suan, Henry	108	—	—	—	75	183
Wong Yau Kar, David, JP	108	—	—	—	75	183
Zhou Dadi	84	—	—	—	—	84
	484	6,916	—	23	2,650	10,073

Note: This represents amortisation of the fair value of share options measured at the grant date charged to the consolidated income statement, regardless of whether or not the share options have been exercised.

Other than as presented above, no other fees or emoluments were paid to the independent non-executive directors during the year (2009: Nil).

9. Employee benefit expense and directors' emoluments *(Continued)*

(b) Directors' emoluments *(Continued)*

For the year ended 31 December 2010, there were no arrangement under which a director waived or agreed to waive any remuneration, and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office (2009: Nil).

Details of share options granted to directors are set out in Note 30 to the consolidated financial statements.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2009: five) directors whose emoluments are reflected in the analysis above.

10. Profit before income tax

Profit before income tax is stated after charging/(crediting) the following:

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Cost of construction	**306,168**	151,908
Cost of materials	**415,347**	171,161
Changes in inventories	**(7,796)**	830
Auditor's remuneration	**2,550**	2,550
Amortisation of other intangible asset *(Note 16)*	**129**	75
Depreciation	**9,430**	4,749
Amortisation of land use rights	**74**	469
Exchange losses, net	**1,671**	544
Exchange gain on partial repayments of shareholders' loans by foreign subsidiaries	**(14,635)**	—
Business taxes and other levies	**21,697**	10,566
Professional fee	**6,394**	2,994
Travelling expenses	**5,102**	1,822

11. Income tax expense

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Current tax		
— PRC corporate income tax	**106,444**	23,218
— Withholding tax	**19,204**	—
Deferred tax *(Note 32)*	**(3,864)**	(10,564)
	121,784	12,654

PRC corporate income tax is provided for at the rate of 25% (2009: 25%) for the year of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax treatments including two years exemption followed by three years of a 50% tax reduction.

11. Income tax expense *(Continued)*

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

Continuing operations

	Group	
	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Profit before income tax (excluding discontinued operations)	**549,007**	194,396
Tax calculated at domestic tax rates applicable to profits in the respective locations *(Note)*	**127,434**	49,963
Effects of tax holiday on assessable profits of subsidiaries incorporated in the PRC	**(50,617)**	(39,670)
Income not subject to tax	**(44,124)**	(10,918)
Expenses not deductible for tax	**8,598**	829
Tax losses for which no deferred tax asset was recognised	**3,946**	1,157
Effect on deferred tax assets resulting from unrealised gains on transactions between the Group and its JCEs and associates	**55,270**	10,912
Recognition of withholding tax in current year	**19,204**	—
Under-provision of tax in prior period	**2,073**	—
Recognition of tax losses from previous periods	**—**	381
	121,784	12,654

Note: The weighted average applicable tax rate for the year was 23% (2009: 26%). The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned and inter-company profits elimination in different group companies which are subject to different tax rates.

12. (Loss)/profit attributable to equity holders of the Company

The loss attributable to equity holders of the Company for the year ended 31 December 2010 dealt with in the financial statements of the Company is approximately HK$75,667,000 (2009: profit of HK$10,231,000).

13. Earnings/(loss) per share

(a) Basic

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

	For the year ended 31 December 2010	For the nine months ended 31 December 2009
Weighted average number of ordinary shares in issue (thousands)	**7,308,492**	6,842,202
Continuing operations:		
Profit from continuing operations attributable to equity holders of the Company (HK$'000)	**427,223**	181,742
Basic earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**5.85**	2.66
Discontinued operations:		
Loss from discontinued operations attributable to equity holders of the Company (HK$'000)	**—**	(506)
Basic loss per share from discontinued operations attributable to equity holders of the Company (HK cents per share)	**—**	(0.01)
Profit attributable to equity holders of the Company (HK$'000)	**427,223**	181,236
Basic earnings per share attributable to equity holders of the Company (HK cents per share)	**5.85**	2.65

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2010, the Company has one dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The weighted average number of ordinary shares calculated is compared to the number of shares that would have been issued assuming the exercise of the share options. For the nine months ended 31 December 2009, in addition to the share options mentioned above, the Company also had another dilutive potential ordinary shares: convertible notes. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses.

13. Earnings/(loss) per share *(Continued)*

(b) Diluted *(Continued)*

	For the year ended 31 December 2010	For the nine months ended 31 December 2009
Continuing operations:		
Profit from continuing operations attributable to equity holders of the Company (HK$'000)	**427,223**	181,742
Interest expenses on convertible notes (HK$'000)	**—**	689
Profit used to determine diluted earnings per share (HK$'000)	**427,223**	182,431
Discontinued operations:		
Loss from discontinued operations attributable to equity holders of the Company (HK$'000)	**—**	(506)
Weighted average number of ordinary shares in issue (thousands)	**7,308,492**	6,842,202
Adjustments for:		
— assumed conversion of convertible notes		
— issued (thousands)	**—**	145,855
— effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	**78,745**	69,038
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	**7,387,237**	7,057,095
Diluted earnings per share from continuing operations attributable to equity holders of the Company (HK cents per share)	**5.78**	2.59
Diluted loss per share from discontinued operations attributable to equity holders of the Company (HK cents per share)	**—**	(0.01)
Diluted earnings per share attributable to equity holders of the Company (HK cents per share)	**5.78**	2.58

14. Property, plant and equipment — Group and Company

Group

	Buildings HK$'000	Leasehold improve-ments HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
As at 1 January 2010	15,058	4,033	30,392	16,225	66,647	**132,355**
Additions	97,293	1,572	53,976	15,198	1,299,277	**1,467,316**
Disposals	—	(160)	(166)	(1,240)	(474)	**(2,040)**
Transfer from construction in progress	33,320	—	4,674	350	(38,344)	**—**
Loss on control over subsidiaries	—	—	(92)	(876)	(25,582)	**(26,550)**
Exchange differences	3,224	169	3,197	837	27,725	**35,152**
As at 31 December 2010	**148,895**	**5,614**	**91,981**	**30,494**	**1,329,249**	**1,606,233**
Accumulated depreciation						
As at 1 January 2010	735	3,195	1,960	3,250	—	**9,140**
Charge during the year	1,950	1,063	3,353	4,154	—	**10,520**
Disposals	—	(160)	(22)	(83)	—	**(265)**
Loss on control over subsidiaries	—	—	(8)	(52)	—	**(60)**
Exchange differences	65	130	1,073	196	—	**1,464**
As at 31 December 2010	**2,750**	**4,228**	**6,356**	**7,465**	**—**	**20,799**
Net book value						
As at 31 December 2010	**146,145**	**1,386**	**85,625**	**23,029**	**1,329,249**	**1,585,434**

Notes to the Consolidated Financial Statements

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

Group *(Continued)*

	Buildings	Leasehold improve-ments	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost						
As at 1 April 2009	14,970	3,308	19,682	10,970	3,048	51,978
Additions	62	721	10,756	5,864	66,463	83,866
Disposals	—	—	(68)	(152)	—	(220)
Loss of control over a subsidiary	—	—	(19)	(480)	(2,914)	(3,413)
Exchange differences	26	4	41	23	50	144
As at 31 December 2009	15,058	4,033	30,392	16,225	66,647	132,355
Accumulated depreciation						
As at 1 April 2009	265	2,042	179	1,654	—	4,140
Charge during the period	469	1,150	1,808	1,626	—	5,053
Disposals	—	—	(30)	(34)	—	(64)
Exchange differences	1	3	3	4	—	11
As at 31 December 2009	735	3,195	1,960	3,250	—	9,140
Net book value						
As at 31 December 2009	14,323	838	28,432	12,975	66,647	123,215

Notes:

(i) Bank borrowings are secured on building and equipment for the net book value of HK$73,209,000 and HK$9,726,000, respectively (2009: Nil) (Note 28).

(ii) Other loans are secured on construction in progress for the cost of HK$1,214,815,000 (2009: Nil) (Note 28).

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

Company

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Total *HK$'000*
Cost			
As at 1 April 2009	1,244	93	1,337
Disposals	—	(68)	(68)
As at 31 December 2009	1,244	25	1,269
Accumulated depreciation			
As at 1 April 2009	657	31	688
Charge during the period	311	11	322
Disposals	—	(30)	(30)
As at 31 December 2009	968	12	980
Net book value			
As at 31 December 2009	276	13	289
Cost			
As at 1 January 2010	1,244	25	1,269
Exchange differences	43	1	44
As at 31 December 2010	**1,287**	**26**	**1,313**
Accumulated depreciation			
As at 1 January 2010	968	12	980
Charge during the year	280	5	285
Exchange differences	39	1	40
As at 31 December 2010	**1,287**	**18**	**1,305**
Net book value			
As at 31 December 2010	**—**	**8**	**8**

Notes to the Consolidated Financial Statements

15. Land use rights

	Group Land use rights *HK$'000*
Net book amount as at 1 April 2009	642
Additions	34
Exchange differences	2
Amortisation	(469)
Net book amount as at 31 December 2009	209
Additions	121,871
Exchange differences	(3)
Amortisation	(432)
Net book amount as at 31 December 2010	**121,645**

The Group's interests in leasehold land represent prepaid operating lease payment and their net book amount are analysed as follows:

	Group	
	As at 31 December 2010 *HK$'000*	As at 31 December 2009 *HK$'000*
Outside Hong Kong held on:		
Leases of between 10 to 50 years	**121,645**	209

Note:

(i) Bank borrowings and other loans are secured on land use rights for the net book amount of HK$117,276,000 (2009: Nil) (Note 28).

16. Intangible assets

	Goodwill HK$'000	Group Other intangible asset HK$'000	Total HK$'000
Net book amount as at 1 April 2009	1,216,569	1,900	1,218,469
Exchange differences	2,142	199	2,341
Amortisation	—	(75)	(75)
Net book amount as at 31 December 2009	1,218,711	2,024	1,220,735
Exchange differences	42,321	68	42,389
Amortisation	—	(129)	(129)
Net book amount as at 31 December 2010	**1,261,032**	**1,963**	**1,262,995**

Goodwill arose from the acquisition of China Wind Power Holdings Limited ("China Wind Power") and its subsidiaries (collectively "China Wind Power Group"). The acquisition was completed on 1 August 2007. Goodwill was allocated to the Group's cash-generating units identified according to operating segments, which was substantially allocated to the operating segment of "Investment in wind power plant". See Note 5 for further details. The Group has assessed the recoverable amount of goodwill and determined that the goodwill has not been impaired.

The recoverable amount is determined based on fair value less cost to sell calculations. These calculations use cash flow projections based on the financial budgets approved by management covering a ten-year period and a post-tax discount rate of 13.2% (2009: 13.2%). Other key assumptions include projected installation capacity in the coming ten years with annual growth rate of 20%, estimated power generating capacity of each wind farm, expected tariff rate and applicable PRC corporate income tax rate. Management determined these key assumptions based on past performance and their expectation on market development.

Goodwill on acquisition is attributable to the anticipated profitability of the Company and its subsidiaries identified according to their operations. The Group and its subsidiaries operate in the wind power business, in particular consultancy and design; engineering and construction; manufacture of tower tube equipment; operation and maintenance of wind power plants; and investment in wind power plant.

16. Intangible assets *(Continued)*

There was no impairment loss recognised during the year ended 31 December 2010 and the nine months ended 31 December 2009. Has the revenue used in cash flow projections been 10% lower than management's estimate, no additional impairment loss of goodwill should be recognised by the Group.

Other intangible asset arose from the acquisition of the China Wind Power Group completed on 1 August 2007. It represents the Wind Power Plan Cooperation Agreements signed with relevant local government authorities in the PRC. This intangible asset is amortised over the duration of the agreement of 20 years.

17. Interests in subsidiaries

	Company	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Non-current assets		
Unlisted shares, at cost *(Note (i))*	**1,230,375**	1,230,375
Loans advance to subsidiaries *(Note (ii))*	**1,442,037**	773,790
	2,672,412	2,004,165
Current assets		
Amounts due from subsidiaries *(Note (iii))*	**170,728**	722,859
	2,843,140	2,727,024

Notes to the Consolidated Financial Statements

17. Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2010, particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
CCH Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US$1	100%	—	Investment holding
China Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US$1	100%	—	Investment holding
CCH Investment Ltd.	Hong Kong, limited company	1 ordinary share of HK$1	100%	—	Investment holding
China Wind Power (HK) Ltd.	Hong Kong, limited company	1 ordinary share of HK$1	100%	—	Investment holding
Fuxin Concord Windpower Equipment and Technical Service Co., Ltd. 阜新協合風電設備製造及技術服務有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK$100,000,000	—	100%	Wind power equipment repair and maintenance
Damaoqi Century Concord Wind Power Co., Ltd. 達茂旗協合風力發電有限公司	The PRC, limited company	Registered capital of RMB20,000,000	—	100%	Wind power plant investment and operation
Gansu Guazhou Century Concord Wind Power Co., Ltd. *(Note (a))* 甘肅瓜州協合風力發電有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB669,120,000	—	100%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

17. Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2010, particulars of the principal subsidiaries are as follows: *(Continued)*

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Tianjin Century Concord Wind Power Investment Co., Ltd. 天津協合風電投資有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of RMB260,000,000	—	100%	Investment holding
Tianjin Century Concord Huaxing Wind Power Equipment Co., Ltd. 天津協合華興風電裝備有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of RMB100,000,000	—	100%	Sales of wind power equipment and new energy equipment
Fuxin Taihe Wind Power Co., Ltd. 阜新泰合風力發電有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB150,000,000	—	100%	Wind power plant investment and operation
Fuxin Xieli Wind Power Co., Ltd. 阜新協力風力發電有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB150,000,000	—	100%	Wind power plant investment and operation
Fuxin Gangneng Wind Power Co., Ltd. 阜新港能風力發電有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB150,000,000	—	100%	Wind power plant investment and operation
Beijing Guohuaaidi Wind Power Technology Services Co., Ltd. 北京國華愛地風電運行維護技術服務有限公司	The PRC, limited company	Registered capital of RMB10,000,000	—	100%	Wind power plant operation and maintenance

17. Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2010, particulars of the principal subsidiaries are as follows: *(Continued)*

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Jilin CWP Power Engineering Co., Ltd. 吉林協合電力工程有限公司	The PRC, Sino-foreign equity joint venture	Registered capital of RMB100,000,000	—	100%	Power plant facilities construction
Beijing Juhe Power Technology Design Co., Ltd. 北京聚合電力工程設計有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK$50,000,000	—	100%	Wind power system design, research and exploitation
Century Concord Wind Power Investment Co., Ltd. 協合風電投資有限公司	The PRC, limited company	Registered capital of RMB1,100,000,000	—	100%	Investment holding
Jilin Juhe Wind Power Co., Ltd. 吉林聚合風力發電有限公司	The PRC, limited company	Registered capital of RMB20,000,000	—	100%	Wind power plant investment and operation
Jilin Century Concord Wind Power Investment Co., Ltd. 吉林協合風力發電投資有限公司	The PRC, limited company	Registered capital of RMB100,000,000	—	100%	Wind power plant investment and operation
Beijing Shijijuhe Wind Power Technology Co., Ltd. 北京世紀聚合風電技術有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of US$10,000,000	—	100%	Wind power research and development in wind power technology

Notes to the Consolidated Financial Statements

17. Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2010, particulars of the principal subsidiaries are as follows: *(Continued)*

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Jilin Tianhe Wind Power Equipment Co., Ltd. 吉林省天合風電設備有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK$213,661,300	—	100%	Wind power equipment manufacturing
Jilin Tianhe Wind Power Equipment Manufacturing Operation and Maintenance Co. 吉林省天合風電裝備製造運行維護有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of HK$34,500,000	—	100%	Wind power equipment manufacturing
Beijing Century Concord Operation and Maintenance Co., Ltd. 北京協合運維風電技術有限公司	The PRC, wholly-owned foreign enterprise	Registered capital of RMB20,000,000	—	100%	Wind power plant operation and maintenance

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

Note (a): Other loans are secured by the entire issued share capital of Gansu Guazhou Century Concord Wind Power Co., Ltd. (Note 28).

(ii) The balances are not repayable in the foreseeable future.

(iii) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate their fair values.

18. Interests in associates

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Share of net assets of associates *(Note (i))*	**135,919**	93,421
Amounts due from associates *(Note (ii))*	**14,368**	22,229

Notes:

(i) As at 31 December 2010, particulars of the principal associates are as follows:

Name of associates	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of registered capital	Interest held indirectly	Principal activities
ZhengZhou ZhengJi Century Concord Equipment Co., Ltd. 鄭州正機協合能源裝備科技有限公司	The PRC, Sino-foreign equity joint venture	RMB16,000,000	28%	Manufacturing of wind power facilities
Changtu Liaoneng Xiexin Wind Power Co., Ltd. 昌圖遼能協鑫風力發電有限公司	The PRC, Sino-foreign equity joint venture	USD24,819,000	25%	Wind power plant investment and operation
Chaoyang Wind Power Development Service Co., Ltd. 朝陽風電開發服務有限公司	The PRC, limited company	RMB1,800,000	11% *(Note a)*	Wind power plant investment and operation
Jilin Province Zhanyu Wind Power Assets Management Co., Ltd. 吉林省瞻榆風電資產經營管理有限公司	The PRC, limited company	RMB713,800,000	17.15% *(Note b)*	Wind power plant investment and operation
Fuxin Union Wind Power Co., Ltd. 阜新聯合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB175,500,000	24.5%	Wind power plant investment and operation
Fuxin Century Concord-Shenhua Wind Power Co., Ltd. 阜新申華協合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB160,000,000	24.5%	Wind power plant investment and operation

18. Interests in associates *(Continued)*

Notes:

(i) As at 31 December 2010, particulars of the principal associates are as follows: *(Continued)*

Even though the Group holds less than 20 percent of the voting power of the investees, the Group demonstrates significant influences on the investees by:

(a) holding a seat on the board of directors for a board with 5 members and all directors have equal voting rights.

(b) holding the second highest percentage in total shareholding of the investee.

(ii) Amounts due from associates mainly represents trade receivables from associates of HK$11,136,000 (2009: HK$22,221,000). Trade receivables from associates that are less than three months invoiced are not considered impaired. As at 31 December 2010, trade receivables of HK$1,202,000 (2009: HK$16,792,000) were fully performing. As at 31 December 2010, trade receivables of HK$9,934,000 (2009: HK$5,429,000) were past due but not impaired. These relate to a number of associates for whom there is no recent history of default.

Other balances are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from associates approximate to their fair values.

The Group's share of results of its associates, all of which are unlisted. Their aggregated assets, liabilities, revenue and expenses are as follows:

	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Total assets	**781,027**	520,642
Total liabilities	**(182,975)**	(144,901)
Net assets	**598,052**	375,741

	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Revenue	**76,287**	61,365
Expenses	**(58,730)**	(45,404)
Profit for the year/period	**17,557**	15,961

19. Interests in jointly controlled entities

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Share of net assets of JCEs *(Notes (iv) and (v))*	**916,556**	742,001
Amounts due to JCEs *(Note (i))*	**(31,690)**	(34,875)
Amounts due from JCEs *(Note (ii))*	**338,282**	29,923
Amounts due from JCEs for contract work *(Notes (iii) and 25)*	**1,700**	7,477

	Company	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Amount due from a JCE	**625**	535

Notes:

(i) Amounts due to JCEs mainly represents the deposits from JCEs. The carrying amounts of the amounts due to JCEs approximate their fair value.

(ii) Amounts due from JCEs mainly represent trade receivables from JCEs of HK$210,400,000 (2009: HK$29,057,000). Trade receivables from JCEs that are less than three months invoiced are not considered impaired. As at 31 December 2010, trade receivables of HK$115,642,000 (2009: HK$29,057,000) were fully performing. As at 31 December 2010, trade receivables of HK$94,758,000 (2009: nil) were past due but not impaired. These relate to a number of JCEs whom there is no recent history of default.

Other balances with JCEs are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from JCEs approximate their fair values.

(iii) Amounts due from JCEs for contract work are cost of constructions incurred but not billable.

(iv) The Group's share of net assets of JCEs include the deferred tax provided as temporary differences arising between the tax bases of assets and their carrying amounts in the consolidated financial statements resulted from the unrealised profits on the assets acquired from the Company's subsidiaries.

As at 31 December 2010, the JCEs which are principally engaged in wind power plant investment and operation, have yet to obtain the formal land use right certificates for certain wind power plants. The directors of the JCEs believe that the use of and the conduct of relevant activities above mentioned land are not affected by the fact that the relevant land use right certificates have not been obtained. JCEs' directors believe that this will not have any material adverse effect on JCEs' results of operations and financial conditions.

Notes to the Consolidated Financial Statements

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

(v) As at 31 December 2010, particulars of the principal JCEs are as follows:

Name of JCEs	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group	Proportion of voting power held	Principal activities
Jilin CWP-Milestone Wind Power Co., Ltd. 吉林里程協合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation
Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. 二連浩特長風協合風能開發有限公司	The PRC, Sino-foreign equity joint venture	RMB76,000,000	49%	50%	Wind power plant investment and operation
Jilin Taihe Wind Power Co., Ltd. 吉林泰合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation
Tongliao Taihe Wind Power Co., Ltd. 通遼泰合風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation
Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. 太仆寺旗申華協合風力發電投資有限公司	The PRC, Sino-foreign equity joint venture	RMB136,000,000	49%	50%	Wind power plant investment and operation
Fuxin Julonghu Wind Power Co., Ltd. 阜新巨龍湖風力發電有限公司	The PRC, limited company	RMB100,000,000	60%	50%	Wind power plant investment and operation

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

(v) As at 31 December 2010, particulars of the principal JCEs are as follows: *(Continued)*

Name of JCEs	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group	Proportion of voting power held	Principal activities
Fuxin Huashun Wind Power Co., Ltd. 阜新華順風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB153,000,000	50%	50%	Wind power plant investment and operation
Fuxin Qianfoshan Wind Power Co., Ltd. 阜新千佛山風力發電有限公司	The PRC, limited company	RMB100,000,000	60%	50%	Wind power plant investment and operation
Fuxin Juyuan Wind Power Co., Ltd. 阜新聚緣風力發電有限公司	The PRC, limited company	RMB100,000,000	60%	50%	Wind power plant investment and operation
Fuxin Juhe Wind Power Co., Ltd. 阜新聚合風力發電有限公司	The PRC, limited company	RMB100,000,000	60%	50%	Wind power plant investment and operation
Mengdong Century Concord New Energy Co., Ltd. 蒙東協合新能源有限公司	The PRC, limited company	RMB350,000,000	49%	50%	Wind power plant investment and operation
Mengdong Century Concord Kezuohouqi Wind Power Co., Ltd. 蒙東協合科左後旗風力發電有限公司	The PRC, limited company	RMB90,000,000	49%	50%	Wind power plant investment and operation
Mengdong Century Concord Zhaluteqi Wind Power Co., Ltd. 蒙東協合扎魯特旗風力發電有限公司	The PRC, limited company	RMB90,000,000	49%	50%	Wind power plant investment and operation

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

(v) As at 31 December 2010, particulars of the principal JCEs are as follows: *(Continued)*

Name of JCEs	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of registered capital	Proportion of value of registered capital held by the Group	Proportion of voting power held	Principal activities
Wuchuan County Yihe Wind Power Co., Ltd. 武川縣義合風力發電有限公司	The PRC, limited company	RMB100,000,000	46%	50%	Wind power plant investment and operation
Kangbao Century Concord Wind Power Co., Ltd. 康保協合風力發電有限公司	The PRC, limited company	RMB10,000,000	51%	50%	Wind power plant investment and operation
Fuxin Huaxing Wind Power Co., Ltd. 阜新華興風力發電有限公司	The PRC, limited company	RMB96,000,000	48%	50%	Wind power plant investment and operation
Jilin CPI Gether New Energy Co., Ltd. 吉林吉電協合新能源有限公司	The PRC, Sino-foreign equity joint venture	RMB100,000,000	49%	50%	Wind power plant investment and operation
Tieling Century Concord Xingda Wind Power Co., Ltd. 鐵嶺協合興達風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB150,000,000	49%	50%	Wind power plant investment and operation

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

In December 2010, the Group has fully disposed of its interests in Mengdong Century Concord Zhenlai First Wind Power Co., Ltd. and Mengdong Century Concord Zhenlai Second Wind Power Co., Ltd., the JCEs of the Group, to Jilin Power Share Co., Ltd. at a cash consideration of HK$103,720,000 and HK$111,401,000, respectively and recognised a total gain on disposal of HK$28,303,000.

The Group's share of results of its JCEs, all of which are unlisted. Their aggregated assets, liabilities, revenue and expenses are as follows:

	As at 31 December 2010 ***HK$'000***	As at 31 December 2009 *HK$'000*
Assets:		
Non-current assets	**5,413,250**	2,754,818
Current assets	**1,335,884**	1,534,800
	6,749,134	4,289,618
Liabilities:		
Non-current liabilities	**(2,792,709)**	(2,103,869)
Current liabilities	**(1,600,719)**	(418,315)
	(4,393,428)	(2,522,184)
Net assets	**2,355,706**	1,767,434
Capital commitments	**1,715,746**	1,279,031

	For the year ended 31 December 2010 ***HK$'000***	For the nine months ended 31 December 2009 *HK$'000*
Revenue	**607,092**	142,741
Expenses	**(334,370)**	(82,147)
Profit for the year/period	**272,722**	60,594

The Group's contingent liabilities relating to the Group's interests in JCEs and the contingent liabilities of the JCEs themselves are disclosed in Note 35. The Group's capital commitments in relation to its interests in JCEs are disclosed in Note 36(b).

Notes to the Consolidated Financial Statements

20. Inventories

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Raw materials	**527**	15,657
Work in progress	**43,898**	36,564
	44,425	52,221

21. Financial instruments by category — Group and Company

The accounting policies for financial instruments have been applied to the line items below:

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Assets as per balance sheet		
Loans and receivables		
Trade receivables	**108,936**	48,947
Deposits and other receivables	**108,879**	27,214
Amounts due from associates	**14,368**	22,229
Amounts due from JCEs	**338,282**	29,923
Cash and cash equivalents	**732,544**	1,109,561
Liabilities as per balance sheet		
Other financial liabilities at amortised cost		
Trade and bill payables	**203,250**	96,415
Other payables and accruals	**92,838**	42,405
Amounts due to JCEs	**11,712**	5,667
Borrowings	**1,049,332**	34,072

21. Financial instruments by category — Group and Company *(Continued)*

	Company	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Assets as per balance sheet		
Loans and receivables		
Amounts due from subsidiaries	**170,728**	722,859
Amount due from a JCE	**625**	535
Deposits	**669**	669
Cash and cash equivalents	**6,564**	29,744
Liabilities as per balance sheet		
Other financial liabilities at amortised cost		
Other payables and accruals	**5,879**	4,133

22. Trade receivables

At the balance sheet date, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Within 3 months	**71,224**	14,090
3 to 6 months	**—**	6,629
6 to 12 months	**37,712**	14,052
Over 12 months	**—**	14,176
	108,936	48,947

The Group's credit terms granted to customers range from 30 to 180 days. The carrying amounts of trade receivables approximate their fair values and are denominated in RMB.

Trade receivables that are less than three months invoiced are not considered impaired. As at 31 December 2010, trade receivables of HK$71,224,000 (2009: HK$20,719,000) were fully performing. As at 31 December 2010, trade receivables of HK$37,712,000 (2009: HK$28,228,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

22. Trade receivables *(Continued)*

There were no movements on the provision for impairment of trade receivables for the year ended 31 December 2010 and the nine months ended 31 December 2009.

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

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

	Group		**Company**	
	As at 31 December 2010	As at 31 December 2009	**As at 31 December 2010**	As at 31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**22,160**	12,062	**2,155**	802
Deposits	**669**	669	**669**	669
Other receivables	**108,210**	26,545	**—**	—
Amounts due from customers for contract work *(Note 25)*	**8,219**	—	**—**	—
	139,258	39,276	**2,824**	1,471

The carrying amounts of prepayments, deposits and other receivables approximate their fair values and approximately 84% (2009: 99%) and 16% (2009: 1%) of the total carrying amounts are denominated in RMB and HK$, respectively.

24. Cash and cash equivalents — Group and Company

	Group		Company	
	As at 31 December 2010	As at 31 December 2009	**As at 31 December 2010**	As at 31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and in hand	**732,544**	1,109,561	**6,564**	29,744
Maximum exposure to credit risk	**732,472**	1,109,443	**6,564**	29,744
Denominated in:				
— HK$	**34,642**	367,273	**4,649**	27,719
— RMB	**351,951**	712,179	**—**	—
— US$	**345,951**	30,109	**1,915**	2,025
	732,544	1,109,561	**6,564**	29,744

RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business in the PRC.

As at 31 December 2010, the weighted effective interest rate on the Group's bank balances is 0.49% (2009: 0.76%).

25. Construction contracts

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
The aggregate costs incurred and recognised profits to date	**1,163,872**	593,414
Less: Progress billings	**(1,216,103)**	(601,690)
Net balance sheet position for ongoing construction contracts	**(52,231)**	(8,276)

25. Construction contracts *(Continued)*

Analysis:

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Amounts due from customers for contract work		
— JCEs *(Note 19)*	**1,700**	7,477
— third parties *(Note 23)*	**8,219**	—
Amounts due to customers for contract work *(Note 27)*	**(62,150)**	(15,753)
	(52,231)	(8,276)

Included in amounts due from JCEs (Note 19) as of 31 December 2010, there was HK$76,458,000 (2009: HK$12,818,000) retention money held in respect of construction in progress.

Included in amounts due to JCEs (Note 19) as of 31 December 2010 was approximately HK$19,978,000 (2009: HK$29,208,000) representing advance received from JCEs in respect of construction in progress.

26. Trade and bill payables

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Trade payables	**190,605**	96,415
Bill payables	**12,645**	—
	203,250	96,415

26. Trade and bill payables *(Continued)*

At the balance sheet date, the ageing analysis of the trade payables, based on invoice date, was as follows:

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Within 3 months	**140,085**	60,945
3 to 6 months	**31,342**	12,301
6 to 12 months	**18,864**	17,681
Over 12 months	**314**	5,488
	190,605	96,415

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

27. Other payables and accruals — Group and Company

	Group		Company	
	As at 31 December 2010	As at 31 December 2009	**As at 31 December 2010**	As at 31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other payables and accruals	**92,838**	42,405	**5,879**	4,133
Receipt in advance	**3,350**	3,407	**—**	—
Amounts due to customers for contract work *(Note 25)*	**62,150**	15,753	**—**	—
	158,338	61,565	**5,879**	4,133

The carrying amounts of other payables and accruals approximate their fair values and approximately 97% (2009: 94%) and 3% (2009: 6%) of the total carrying amounts are denominated in RMB and HK$, respectively.

28. Borrowings

	Group	
	As at 31 December 2010 **HK$'000**	As at 31 December 2009 *HK$'000*
Non-current liabilities		
Bank borrowings	**72,460**	—
Other loans	**774,830**	—
Total principal amount	**847,290**	—
Unamortised loan facilities fees relating to other loans	**(45,233)**	—
	802,057	—
Current liabilities		
Bank borrowings	**247,275**	34,072
Total principal amount	**247,275**	34,072
Total borrowings	**1,049,332**	34,072

Borrowings at principal amount were repayable as follows:

	Bank borrowings		Other loans		Total	
	As at 31 December 2010 **HK$'000**	As at 31 December 2009 *HK$'000*	**As at 31 December 2010** **HK$'000**	As at 31 December 2009 *HK$'000*	**As at 31 December 2010** **HK$'000**	As at 31 December 2009 *HK$'000*
Within 1 year	**247,275**	34,072	**—**	—	**247,275**	34,072
Between 1 and 2 years	**20,517**	—	**81,061**	—	**101,578**	—
Between 2 and 5 years	**51,943**	—	**243,182**	—	**295,125**	—
Over 5 years	**—**	—	**450,587**	—	**450,587**	—
	319,735	34,072	**774,830**	—	**1,094,565**	34,072

28. Borrowings *(Continued)*

Borrowings at principal amount were repayable as follows: *(Continued)*

	Bank borrowings		Other loans		Total	
	As at 31 December 2010	As at 31 December 2009	**As at 31 December 2010**	As at 31 December 2009	**As at 31 December 2010**	As at 31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Wholly repayable within 5 years	**319,735**	34,072	**—**	—	**319,735**	34,072
Wholly repayable after 5 years	**—**	—	**774,830**	—	**774,830**	—
	319,735	34,072	**774,830**	—	**1,094,565**	34,072

The carrying amounts of the floating rate bank borrowings are denominated in RMB and are secured by the corporate guarantee of the Company, the building and equipment under property, plant and equipment and the land use right of the Group.

The fixed and floating rate other loans are denominated in US$. Pursuant to the Limited Guarantee Agreement, the Property Mortgage Agreement, the Assets Mortgage Agreement and the Equity Pledge Argeements, the other loans were secured by the corporate guarantee of the Company, and the construction in progress under property, plant and equipment, the land use right and the entire issued share capital of Gansu Guazhou Century Concord Wind Power Co., Ltd. as at 31 December 2010.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
6 months or less	**40,548**	—
6 to 12 months	**206,727**	34,072
1 to 5 years	**72,460**	—
Over 5 years	**81,061**	—
	400,796	34,072

28. Borrowings *(Continued)*

The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	As at 31 December 2010	As at 31 December 2009	**As at 31 December 2010**	As at 31 December 2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank borrowings	**72,460**	—	**72,460**	—
Other loans	**729,597**	—	**774,830**	—
	802,057	—	**847,290**	—

The fair values of the non-current borrowings are based on estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The carrying amounts of current portion of the borrowings approximate their fair values.

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

	As at 31 December 2010	As at 31 December 2009
Bank borrowings	**5.61%**	5.31%
Other loans	**7.34%**	—

29. Share capital

	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 (2009: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
7,391,509,965 (2009: 7,278,704,965) ordinary shares of HK$0.01 each	**73,915**	72,787

29. Share capital *(Continued)*

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

	No. of shares *000's*	Nominal value *HK$'000*
Authorised:		
As at 31 December 2010 and 2009: 10,000,000,000 ordinary shares of HK$0.01 each	10,000,000	100,000
Issued and fully paid:		
As at 1 April 2009: 6,254,470,578 ordinary shares of HK$0.01 each	6,254,471	62,545
Issues of ordinary shares of HK$0.01 each on conversion of convertible notes *(Note (i))*	323,469	3,235
Subscription of new ordinary shares of HK$0.01 each *(Note (ii))*	700,000	7,000
Issues of ordinary shares of HK$0.01 each on exercise of share options	765	7
As at 31 December 2009: 7,278,704,965 ordinary shares of HK$0.01 each	7,278,705	72,787
Subscription of new ordinary shares of HK$0.01 each *(Note (iii))*	101,140	1,011
Issues of ordinary shares of HK$0.01 each on exercise of share options	11,665	117
As at 31 December 2010: 7,391,509,965 ordinary shares of HK$0.01 each	**7,391,510**	**73,915**

Notes:

(i) On 3 August 2009, 323,469,387 ordinary shares with a par value HK$0.01 each were issued by the Company as a result of the conversion of convertible notes with a principal amount of HK$31,700,000.

(ii) Pursuant to a placing and subscription agreement executed by the Company on 16 July 2009, a total of 700 million ordinary shares with a par value HK$0.01 each were issued at an issue price of HK$0.85 per share, raising net proceeds of approximately HK$580 million. Details of the transaction were disclosed in the Company's announcement dated 16 July 2009.

(iii) Pursuant to a subscription agreement executed by the Company on 30 June 2010, a total of 101,140,000 ordinary shares with a par value HK$0.01 each were issued at an issue price of HK$0.77 per share, raising net proceeds of HK$77,700,000. Details of the transaction were disclosed in the Company's announcement dated 2 July 2010.

30. Share option schemes

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

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

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

	Year ended 31 December 2010		Nine months ended 31 December 2009	
	Average exercise price per share *HK$*	**Options** *(thousands)*	Average exercise price per share *HK$*	Options *(thousands)*
As at 31 December 2009 and 31 March 2009	**0.357**	**158,805**	0.45	60,080
Granted	**0.890**	**130,000**	0.302	100,000
Forfeited	**0.531**	**(12,975)**	0.45	(510)
Exercised	**0.385**	**(11,665)**	0.45	(765)
As at 31 December 2010 and 2009	**0.609**	**264,165**	0.357	158,805

Out of the 264,165,000 (2009: 158,805,000) outstanding options, 27,415,000 (2009: 14,165,000) options were exercisable at the balance sheet date.

Options exercised during the year resulted in 11,665,000 (2009: 765,000) ordinary shares being issued. The related weighted average market price at the time of exercise was HK$0.84 (2009: HK$0.84) per option.

30. Share option schemes *(Continued)*

Details of the movement in the number of share options are as follow:

Name or category of participant	Date of grant of share options	Number of share options outstanding as at 1 January 2010	Number of share options granted during the year	Number of share options exercised during the year	Number of share options forfeited during the year	Number of share options outstanding as at 31 December 2010	Market price per share at exercise date of share options *HK$*
Chairman							
Liu Shunxing	1 April 2008	5,000,000	–	–	–	**5,000,000**	N/A
	6 April 2009	6,000,000	–	–	–	**6,000,000**	N/A
	4 January 2010	–	10,000,000	–	–	**10,000,000**	N/A
Executive directors							
Ko Chun Shun, Johnson	6 April 2009	6,000,000	–	–	–	**6,000,000**	N/A
Wang Xun	1 April 2008	3,600,000	–	–	–	**3,600,000**	N/A
	6 April 2009	4,500,000	–	–	–	**4,500,000**	N/A
	4 January 2010	–	6,600,000	–	–	**6,600,000**	N/A
Yang Zhifeng	1 April 2008	3,600,000	–	(1,800,000)	–	**1,800,000**	0.85
	6 April 2009	4,500,000	–	(1,120,000)	–	**3,380,000**	0.85
	4 January 2010	–	6,600,000	–	–	**6,600,000**	N/A
Liu Jianhong	1 April 2008	3,600,000	–	(1,800,000)	–	**1,800,000**	0.85
	6 April 2009	4,500,000	–	(1,120,000)	–	**3,380,000**	0.85
	4 January 2010	–	6,600,000	–	–	**6,600,000**	N/A
Yu Weizhou	6 April 2009	2,000,000		–	–	**2,000,000**	N/A
	4 January 2010	–	6,600,000	–	–	**6,600,000**	N/A
Ko Wing Yan, Samantha	4 January 2010	–	3,000,000	–	–	**3,000,000**	N/A
Chan Kam Kwan, Jason	1 April 2008	1,000,000	–	–	–	**1,000,000**	N/A
	6 April 2009	1,200,000	–	–	–	**1,200,000**	N/A
	4 January 2010	–	1,000,000	–	–	**1,000,000**	N/A
Non-executive director							
Tsoi Tong Hoo, Tony	1 April 2008	1,200,000	–	–	–	**1,200,000**	N/A
	6 April 2009	3,000,000	–	–	–	**3,000,000**	N/A
	4 January 2010	–	800,000	–	–	**800,000**	N/A
Independent non-executive directors							
Yap Fat Suan, Henry	1 April 2008	600,000	–	–	–	**600,000**	N/A
	6 April 2009	800,000	–	–	–	**800,000**	N/A
	4 January 2010	–	800,000	–	–	**800,000**	N/A
Wong Yau Kar, David, JP	1 April 2008	600,000	–	(200,000)	–	**400,000**	0.85
	6 April 2009	800,000	–	(200,000)	–	**600,000**	0.85
	4 January 2010	–	800,000	–	–	**800,000**	N/A
Zhou Dadi	4 January 2010	–	1,000,000	–	–	**1,000,000**	N/A
Other employees							
In aggregate	1 April 2008	39,605,000	–	(2,770,000)	(1,685,000)	**35,150,000**	0.84
	6 April 2009	66,700,000	–	(2,655,000)	(6,670,000)	**57,375,000**	0.81
	4 January 2010	–	86,200,000	–	(4,620,000)	**81,580,000**	N/A
Total		158,805,000	130,000,000	(11,665,000)	(12,975,000)	**264,165,000**	

30. Share option schemes *(Continued)*

These options were granted subject to the following vesting requirement:

On 1st anniversary of the date of grant	25%
On 2nd anniversary of the date of grant	25%
On 3rd anniversary of the date of grant	25%
On 4th anniversary of the date of grant	25%

The Group recognised the total expense of HK$32,411,000 for the year ended 31 December 2010 (2009: HK$7,595,000) in relation to share options granted by the Company. Also, the Group reversed the total expense which provided in previous years of HK$406,000 for the year ended 31 December 2010 (2009: Nil) in relation to the forfeiture of share options.

Details of share options outstanding at the end of the year/period is set out belows:

Grant date	Exercise period	Exercise price	Market price per share at date of grant of options	Share options granted (thousands)	Share options outstanding (thousands) 31 December 2010	31 December 2009
		HK$	*HK$*			
1 April 2008	1 April 2009 to 31 March 2013	0.45	0.435	60,080	50,550	58,805
6 April 2009	6 April 2010 to 5 April 2014	0.302	0.295	100,000	88,235	100,000
4 January 2010	4 January 2011 to 3 January 2015	0.89	0.89	130,000	125,380	—
				290,080	264,165	158,805

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of services received is measured based on the Binomial model. The contractual life of the option is used as input into this model.

The fair value of each option granted during the year as determined by using the Binomial model ranges from HK$0.3328 to HK$0.4320 (2009: HK$0.1585 to HK$0.2093). The significant inputs into the model were the stock price at the grant date of HK$0.89 (2009: HK$0.295) per option, exercise price of HK$0.89 (2009: HK$0.302), volatility of 67% (2009: 67%), expected option life of 5 years, dividend yield of 2.5% (2009: 0%) and annual risk-free interest rate of 2.022% (2009: 1.697%). Expected volatility is assumed to be based on historical volatility of the comparable companies.

On 3 January 2011, a total of 200,000,000 share options were granted to eligible persons of the Share Option Scheme at exercise price of HK$0.80, which based on the closing market price of the Company's shares in 3 January 2011.

31. Reserves

The details of movements in the Group's reserves are set out in the consolidated statement of changes in equity on page 48.

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

	Share premium HK$'000	Contributed surplus (Note (i)) HK$'000	Exchange reserve HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1 April 2009	2,137,413	78,810	—	169,647	(315,341)	2,070,529
Issuance of ordinary shares upon conversions of convertible notes	184,212	—	—	(163,667)	—	20,545
Subscription of new ordinary shares	572,906	—	—	—	—	572,906
Share-based compensation	—	—	—	7,595	—	7,595
Exercise of share options	682	—	—	(345)	—	337
Profit for the period	—	—	—	—	10,231	10,231
Balance at 31 December 2009	2,895,213	78,810	—	13,230	(305,110)	2,682,143
Subscription of new ordinary shares	76,689	—	—	—	—	76,689
Share-based compensation	—	—	—	32,411	—	32,411
Exercise of share options	5,852	—	—	(1,474)	—	4,378
Forfeiture of share options	—	—	—	(406)	—	(406)
Currency translation differences	—	—	53,819	—	—	53,819
Loss for the year	—	—	—	—	(75,667)	(75,667)
Balance at 31 December 2010	**2,977,754**	**78,810**	**53,819**	**43,761**	**(380,777)**	**2,773,367**

Note:

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

32. Deferred tax

Deferred taxation is calculated in full on temporary differences under the liability method using the tax rate applicable to profits of the consolidated entities.

The movement in deferred tax assets during the year/period is as follows:

	Group Unrealised gains	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Balance brought forward	**16,590**	6,008
Credited to the consolidated income statement	**5,894**	10,564
Exchange difference	**698**	18
Balance carried forward	**23,182**	16,590

During the year/period, the Group has recognised deferred tax assets for unrealised gains on transactions between subsidiaries of the Group.

Deferred tax assets recognised are expected to be recovered after more than 12 months. The deferred tax assets recognised relate to temporary differences arising from transactions between subsidiaries of the Group regarding the construction of wind farms. The credit to the consolidated income statement represents originating temporary differences arising from these transactions while the charge to the consolidated income statement represents the reversal of temporary differences as a result of the depreciation of wind farms.

Deferred tax assets are recognised for tax losses carry forward purposes only to the extent that realisation of the related tax benefits through future taxable profit is probable. The Group recognises deferred tax assets to the extent of recognised deferred tax liabilities and has unrecognised tax losses of HK$68,210,000 (2009: HK$81,123,000), attributable to continuing operations, to carry forward against future taxable profit. The tax losses afore-mentioned are subject to final approval by the Inland Revenue Department in Hong Kong and can be carried forward indefinitely.

32. Deferred tax *(Continued)*

The movement in deferred tax liabilities during the year/period is as follows:

	Group Unremitted earnings	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Balance brought forward	**—**	—
Debited to the consolidated income statement	**2,030**	—
Exchange difference	**42**	—
Balance carried forward	**2,072**	—

The deferred tax liabilities recognised relate to temporary differences arising from the unremitted earnings of JCEs. As at 31 December 2010, deferred tax liabilities of HK$52,945,000 (2009: HK$36,655,000) have not been recognised for the withholding tax and other taxes that would be payable on the undistributed retained earnings of subsidiaries of the Group.

33. Loss from discontinued operations

Analysis of the results of discontinued operations for the period from 1 April 2009 to 19 May 2009 (the date of disposal) were as follows:

	HK$'000
Revenue	8,803
Other income	10
Cost of revenue	(5,857)
Expenses	(3,462)
Loss before tax	(506)
Income tax expense	—
Loss after tax	(506)

Notes to the Consolidated Financial Statements

34. Notes to the consolidated cash flow statement

(a) Assets contribution to JCEs

The Group planned to develop its wind power project in Kangbao Century Concord Wind Power Co., Ltd. ("Kangbao"). On 8 February 2010, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Tianjin Deheng Investment Co., Ltd. ("Tianjin Deheng"), pursuant to which the Group disposed of a 49% equity interest in Kangbao, for a consideration of HK$2,809,000, Century Concord Wind Power Investment Co., Ltd. ("Century Concord") in turn holds 51% of issued share capital of Kangbao at the completion of the JV-S&P Agreement. On the completion date of disposal, Kangbao had not obtained the approval for the land use right and the license to operate its wind farm yet. Before the wind power business was established, Kangbao has become a JCE owned by the Group and Tianjin Deheng. Hence, the disposal is the contribution of the Group's assets of HK$2,725,000 to the JCE. A gain on contribution of assets to the JCE of HK$84,000 was recognised in the consolidated income statement.

The Group planned to develop its wind power project in Wuchuan County Yihe Wind Power Co., Ltd. ("Wuchuan"). On 15 May 2010, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Shanghai Shenhua Wind Power New Energy Co., Ltd. ("Shanghai Shenhua") and Tianjin Deheng, pursuant to which the Group disposed of a 49% and 5% equity interest respectively in Wuchuan, for a consideration of HK$61,899,000, Century Concord in turn holds 46% of issued share capital of Wuchuan at the completion of the JV-S&P Agreement. On the completion date of disposal, Wuchuan had not obtained the approval for the land use right and the license to operate the wind farm yet. Before the wind power business was established, Wuchuan has become a JCE owned by the Group, Shanghai Shenhua and Tianjin Deheng. Hence, the disposal is the contribution of the Group's assets of HK$61,622,000 to the JCE. A gain on contribution of assets to the JCE of HK$277,000 was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

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

(a) Assets contribution to JCEs *(Continued)*

The aggregated carrying amounts of the Group's net assets contributed to JCEs as at their respective disposal dates were as follows:

	HK$'000
Property, plant and equipment	26,490
Cash and cash equivalents	13,017
Deposits and prepayments	81,619
	121,126
Trade and other payables	(1,447)
	119,679

In the consolidated cash flow statement, net proceeds received from joint venture partners were comprised of:

	HK$'000
Consideration received from joint venture partners	64,708
Cash and cash equivalents derecognised from the consolidated financial statements	(13,017)
	51,691

(b) Loss of control over a subsidiary

The Group holds 60% of the share capital of Fuxin Julonghu Wind Power Co., Ltd. ("Julonghu"). As at 31 March 2009, Julonghu was accounted for as a subsidiary of the Group. On 2 April 2009, the term in the memorandum of association has been modified from "majority of the board vote in favour of a resolution" to "a decision reached by majority of at least 80% of votes cast". This change in the memorandum of association of Julonghu indicated a loss of control over Julonghu.

Notes to the Consolidated Financial Statements

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

(b) Loss of control over a subsidiary *(Continued)*

The carrying amounts of Julonghu as at 2 April 2009 were as follows:

	HK$'000
Property, plant and equipment	3,413
Cash and cash equivalents	24,821
Deposits and prepayments	7,278
	35,512
Non-controlling interests	(13,605)
	21,907

Julonghu ceased to be a subsidiary and HK$21,907,000 was subsequently recognised as interests in JCEs of the Group since 2 April 2009. Cash and cash equivalents derecognised from the consolidated financial statements amounted to HK$24,821,000.

(c) Acquisition of a JCE

On 21 April 2009, the Group entered into a sale and purchase agreement with Golden Base Holdings Limited, pursuant to which the Group acquired of a 50% equity interest in Century Concord Energy Investment Limited, for a consideration of HK$39,904,000, Century Concord Energy Investment Limited holds 49% of the issued share capital of Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. ("Taipusiqi"). As a result, Century Concord Energy Investment Limited became a wholly-owned subsidiary of the Group. Taipusiqi have a board of directors which composed of 3 representatives from Century Concord Energy Investment Limited and Shanghai Shenhua respectively. It required at least 66% of the voting for the decision to consent by both parties and as such Taipusiqi was a JCE of the Group. The Group has recognised a gain of approximately HK$8,169,000 on such acquisition representing the difference between the fair value attributable of the equity interest acquired in Taipusiqi and the consideration paid.

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

(d) Disposal of subsidiaries

On 5 March 2009, the Company entered into a sale and purchase agreement to dispose of the entire equity interests in China Windpower Group Limited (a wholly-owned subsidiary of the Company incorporated in BVI), which in turn, directly and indirectly, held the entire issued share capital of each of NPH Group to Mr. Ko Chun Shun, Johnson, the controlling shareholder and the Vice Chairman of the Company. Details of the disposal were disclosed in the Company's circular dated 27 March 2009. As a result, the NPH Group represented a discontinued operation. The disposal was completed on 19 May 2009. The Group ceased to hold any interests in NPH Group as the disposal was completed on 19 May 2009.

	HK$'000
Proceeds from disposal of subsidiaries	34,000
Carrying value of net assets/(liabilities) disposed of:	
Property, plant and equipment	2,327
Inventory	11,723
Prepayment and account receivable and other receivables	7,285
Cash and cash equivalents	23,206
Account payable and other payables and accruals	(9,577)
Bank loan	(4,896)
Incidental disposal cost	620
	30,688
Gain on disposal of subsidiaries *(Note 7)*	3,312
Cash consideration: net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	34,000

(e) Disposal of an associate

On 4 May 2009, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in Guohua CWP (bayannaoer) Wind Power Co., Ltd., for a consideration of HK$51,323,000. Guohua CWP (bayannaoer) Wind Power Co., Ltd. ceased to be an associate as the disposal was completed on 9 July 2009. A gain on disposal of HK$4,460,000 was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

35. Contingent liabilities

The Group, via its wholly-owned subsidiaries, had entered into joint venture ("JV") agreements with JV partners in the PRC. Pursuant to the JV agreements, the Group was required to pledge its share of equity interests in these JCEs as security for the bank borrowings of each of the respective JCEs.

As at 31 December, 2010, the Group has pledged its share of equity interests of five (2009: five) JCEs, with total value of its share of registered capital held by the Group amounted to HK$325,808,000 (2009: HK$360,871,000) for bank borrowings by the Group's JCEs.

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2010 (2009: Nil).

36. Commitment

Operating lease commitments

As lessee

The Group leases certain of its offices and equipment under operating lease arrangements.

At the balance sheet date, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
No later than 1 year	**7,067**	4,793
Later than 1 year and no later than 5 years	**8,414**	878
	15,481	5,671

36. Commitment *(Continued)*

Capital commitments

(a) At the balance sheet date, capital expenditure contracted for but not yet incurred is as follow:

	Group	
	As at 31 December 2010	As at 31 December 2009
	HK$'000	*HK$'000*
Property, plant and equipment		
No later than 1 year	**156,570**	35,891
Later than 1 year and no later than 5 years	**455,462**	6,185
	612,032	42,076

(b) The Group has entered into a number of arrangements to develop wind power projects in the PRC. As at 31 December 2010, total equity contributions contracted but not provided for were HK$950,538,000 (2009: HK$745,099,000).

Other commitments

As at 31 December 2010, the Group, via its wholly-owned subsidiaries, committed with JV partners to pledge its share of equity interests in Fuxin Century Concord-Shenhua Wind Power Co., Ltd., Fuxin Union Wind Power Co., Ltd., Fuxin Huashun Wind Power Co., Ltd. and Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. as security for bank borrowings by the Group's JCEs.

Notes to the Consolidated Financial Statements

37. Cash generated from operations

	Note	**For the year ended 31 December 2010** *HK$'000*	For the nine months ended 31 December 2009 *HK$'000*
Profit before income tax, including continuing and discontinued operations		**549,007**	193,890
Adjustments for:			
Finance costs	*8*	**4,465**	1,729
Interest income	*6*	**(3,384)**	(3,541)
Depreciation	*14*	**10,520**	5,053
Amortisation of other intangible asset and land use rights	*15,16*	**561**	544
Share-based compensation	*9(a)*	**32,005**	7,594
Net realised gains on disposal of financial assets at fair value through profit or loss	*7*	**(1,527)**	(1,611)
Share of profit from associates		**(4,483)**	(4,020)
Share of profit from JCEs		**(192,464)**	(31,700)
Loss on disposal of property, plant and equipment		**97**	98
Exchange losses, net	*10*	**1,671**	544
Exchange gain on partial repayments of shareholders' loans by foreign subsidiaries	*10*	**(14,635)**	—
Gain on disposal of subsidiaries	*7*	**—**	(3,312)
Gain on disposal of an associate	*7*	**—**	(4,460)
Gain on assets contribution to JCEs	*7*	**(361)**	—
Gain on acquisition of a JCE	*7*	**—**	(8,169)
Loss from discontinued operations	*33*	**—**	506
Operating profit before working capital changes:		**381,472**	153,145
Decrease/(increase) in inventories		**9,609**	(1,094)
Increase in trade receivables		**(58,289)**	(10,077)
Increase in prepayments, deposits and other receivables		**(180,237)**	(14,836)
Decrease/(increase) in amounts due from associates		**11,865**	(2,490)
(Increase)/decrease in amounts due from JCEs		**(28,758)**	51,355
Increase in trade payables		**103,487**	30,612
Increase in other payables and accruals		**96,082**	20,216
(Decrease)/increase in amounts due to JCEs		**(4,396)**	25,067
Cash generated from operations		**330,835**	251,898

38. Related party transactions

(a) Save as disclosed elsewhere in these consolidated financial statements, the following transactions were carried out by the Group with related parties:

	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Sales of goods and services to associates and JCEs *(Note (i))*	**537,683**	243,859
Loan interest income *(Note (ii))*	**249**	597

Notes:

(i) The sales of goods and services were negotiated with related parties on normal commercial terms agreed by both parties.

(ii) The loans to JCEs were fully settled during the year ended 31 December 2010.

(b) Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. It comprises eight (2009: eight) of the executive directors and four (2009: four) members of senior management. The total remuneration of the key management personnel is shown below:

	For the year ended 31 December 2010	For the nine months ended 31 December 2009
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**16,631**	8,994
Share-based compensation	**13,715**	2,704
	30,346	11,698

39. Events after the balance sheet date

Save as disclosed in Note 30, there were no significant subsequent events after the balance sheet date up to the date of approval of the financial statements.

Five Year Financial Summary

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

RESULTS

	For the year ended 31 December 2010 HK$'000	For the nine months ended 31 December 2009 HK$'000	For the year ended 31 March 2009 HK$'000	2008 HK$'000	2007 HK$'000
Revenue and other income	**1,245,237**	584,061	423,160	324,936	59,483
Finance costs	**(4,465)**	(1,729)	(5,507)	(5,293)	(1,353)
Share of results					
— associates	**4,483**	4,020	4,779	3,032	—
— jointly controlled entities	**192,464**	31,700	10,461	(2,265)	—
Expenses, net	**(888,712)**	(424,162)	(312,850)	(212,323)	(24,532)
Profit before income tax	**549,007**	193,890	120,043	108,087	33,598
Income tax expense	**(121,784)**	(12,654)	(3,973)	—	—
Non-controlling interests	**—**	—	696	(8,023)	—
Profit attributable to equity holders	**427,223**	181,236	116,766	100,064	33,598

ASSETS, LIABILITIES AND EQUITIES

	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000	As at 31 March 2009 HK$'000	2008 HK$'000	2007 HK$'000
Total assets	**5,425,244**	3,505,805	2,644,729	2,195,676	42,345
Total liabilities	**(1,511,749)**	(237,962)	(160,159)	(247,852)	(24,882)
Net assets	**3,913,495**	3,267,843	2,484,570	1,947,824	17,463
Equity attributable to owners of the Company	**3,913,495**	3,267,843	2,470,965	1,937,275	17,463
Non-controlling interests	**—**	—	13,605	10,549	—
Total equity	**3,913,495**	3,267,843	2,484,570	1,947,824	17,463

中国风电集团有限公司
China WindPower Group Limited