CHINA WINDPOWER GROUP LIMITED

2011 ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

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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
Mr. Zhou Zhizhong
Ms. Ko Wing Yan, Samantha
Mr. Chan Kam Kwan, Jason

Non-Executive Director

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
26th Floor, Tesbury Centre
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Hong Kong

WEBSITE

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Mr. Liu Shunxing
Chairman and Chief Executive Officer

Dear Shareholders:

On behalf of China WindPower Group Limited (the "Company") and its subsidiaries (the "Group"), I hereby present to shareholders the 2011 annual results of the Group. The consolidated revenue and profit attributable to equity holders of the Company for the year ended 31 December 2011 were HK$ 959,046,000 and HK$ 372,209,000 respectively. Basic earnings per share were 5.03 HK cents. As of 31 December 2011, the Group's net assets stood at HK$ 4,474,382,000.

In 2011, the global financial crisis continued to evolve, the world economy had undergone profound changes, a variety of factors intertwined leading to an increasingly complex environment, impacted the renewable energy industry to a certain extent. In China, the centralized wind power project approval process, lower wind speed, grid connection difficulties, severe grid curtailment in the northern provinces, higher financing costs, etc., posed huge challenges to our development and operation. As such, the Group's EPC, equipment manufacturing and power plant investment business segments were affected, failing to achieve targets made at the beginning of the year.

This year, in response to grid connection difficulties and heavy grid curtailment in northern China, we firmly continued our "expanding southwards" strategy and have achieved preparatory results. The Group had swiftly secured a large amount wind and solar resources in the southern region, creating new business opportunities and developments, balancing the Group's geographical allocation of its businesses.

The Eurozone debt crisis in 2011 caused demand shrinkage on the solar power equipments, with less orders and yet, increased in production capacity, caused a sharp decline in the solar PV component prices. Meanwhile, the Chinese government announced a solar PV feed-in tariff. Due to these factors, solar power investments in the northwestern part of China became economically viable. The Group took full advantage of this favorable opportunity in the solar power industry, successfully entered the solar power industry, invested and built three solar power plants, with total installed capacity of 48 MW. The Group extended its vertically integrated capabilities of planning, design, engineering, procurement and construction (EPC) and equipment manufacturing into the solar power regime; completed four solar power EPC contracts. In addition, the Group also made great progress in securing solar resources, accumulated over 5GW of solar resources.

The Group effectively implemented the "build and sell" business strategy - solely develop and build up a project, then sell down a partial stakes opportunistically for an investment return. In 2011, the Group sold down partial stake of multiple projects; including Gansu Guazhou Century Concord wind power plant, Liaoning Fuxin Taihe wind power projects, etc., upon operation or during the construction phase.

In 2012, the world economic situation will remain complex, the recovery of global economy will remain uncertain, but the Chinese economy will continue to grow at a steady pace. China will continue to encourage renewable energy development with favorable regulations and policies. As technology advances, investment costs of both wind power and solar power will continue to reduce, performances will improve and investments will have a brighter prospect. However, it is also clear that the competition among renewable energy developers will become increasingly fierce. The power project development and approval process will be lengthier and more challenging; from attaining resources, early development, project approval, grid connection to other stages of development. With such complicated and versatile operational environment, the Group will agilely address the difficulties and proactively resolve the issues.

In 2012, the Group will leverage on its abundant resources, particularly wind power resources in the South and solar power resources; increase its development and investment in the southern wind power projects and western or northwestern solar power projects. At the same time, the Group will continue to improve its budget management and costs control; simplify organization structures and optimize work procedures; and firmly implement safe manufacturing whilst retaining effectiveness.

With several years of development and gathered experience, the Group has built up a strong operational and management capability, gathered abundant resources and attracted many talents, which form a solid foundation for a sustainable development. Therefore, I sincerely believe that if we conscientiously evaluate our lessons and learn from our experiences, and make improvement accordingly, the Group will continue to grow stably and sustainably!

Liu Shunxing
Chairman & CEO

Hong Kong, 23 March 2012

MANAGEMENT DISCUSSION AND ANALYSIS

I. OPERATING ENVIRONMENT

In 2011, despite the depressing global economy, China's economy continued to demonstrate steady and robust growth. The wind power sector in China entered into a period with stable growth after witnessing 5 years of swift development. On the other hand, with the introduction of solar photovoltaic (PV) feed-in tariff and decreased in the costs of PV modules, the solar power sector has begun to pick up. The operating environment for renewable energy in China has experienced the following changes in 2011:

(i) Centralised wind power project approvals

In July 2011, the National Energy Administration (NEA) issued "Notice of the Schedule for the First Batch of Wind Farm Project Approvals under the 12th Five-Year Plan". In August 2011, "Interim Measures for the Development and Construction of Wind Farm Projects" was promulgated, requiring all wind power projects to be endorsed by the NEA in order to be eligible for grid connection priority and subsidies from the Renewable Energy Fund. These measures increased the difficulties in attaining wind power project approvals and slowed down the approval rate by the grid companies and the Provincial Development and Reform Commission (PDRC).

(ii) Refined technical specifications

The implementation of 18 technical standards including "Technical Requirements for Large On-grid Wind Farm Design" and the announcement of "Interim Measures on Wind Power Forecasting Management" signified the refinement of technical standards for the China's wind power market, raising the quality standard of equipment manufacturing and wind power plants. Although operating wind power plants incurred additional costs for the technical upgrade, it helps to improve the long term reliability of the power plants' operation.

(iii) Introduction of solar PV feed-in tariff

In July 2011, the National Development and Reform Commission (NDRC) issued the "Notice for Solar PV Feed-in Tariff ", introducing the standard on-grid tariff which prompted a rapid growth in China's solar power market. The Group has also increased its investment in solar power projects.

(iv) Higher financing costs

Following the upward trend of interest rate in 2010, the People's Bank of China (PBOC) raised the lending rate three times in 2011, a total of 65bps. Over the same period, the PBOC increased the banks' reserve ratio six times. Both adjustments resulted in higher financing costs for the Group's power plants, thus lower returns on the power projects.

(v) Lagging power grid constructions

The State Grid Corporation of China (SGCC) invested RMB 301.9 billion in grid constructions in 2011, a year-on-year increase of 13.7%. However, in some regions the pace of grid constructions lagged behind wind power plant constructions, grid connection and grid congestion problems persisted for certain approved wind power projects. The geographical structural mismatch between wind resource locations and electricity load centers caused severe grid curtailment in the northern China.

I. OPERATING ENVIRONMENT *(Continued)*

(vi) Lower wind speed in North China

In 2011, especially in the second half of the year, the average wind speed dropped sharply, and hence adversely affected the wind power plants' generation output and return. According to the monitoring statistics from the Group's wind power plants, the average wind speed in Liaoning decreased by 7% compared to last year, Jilin decreased by 4% and Inner Mongolia decreased by 5%; thus lowered the utilization hours by about 8-14%.

II. BUSINESS REVIEW

In 2011, the Group's consolidated revenue amounted to HK$959,046,000 (2010: HK$1,236,020,000), decreased by 22.4% compared to last year. The Group achieved profit attributable to equity holders of the Company of HK$372,209,000 (2010: HK$427,223,000), representing a drop of 12.9%; basic earnings per share were 5.03 HK cents (2010: 5.85 HK cents); diluted earnings per share were 5.00 HK cents (2010: 5.78 HK cents).

At the end of the year, the Group's net asset value was HK$4,474,382,000 (2010: HK$3,913,495,000) and its cash and cash equivalents were HK$1,063,541,000 (2010: HK$732,544,000).

Due to severe weather condition and delay in project approvals, some of the new project constructions were postponed, thus reduced the revenue recognition during the year. Moreover, the Group's share of results from wind power investments were adversely affected by lower wind speed and heavy grid curtailment in the northern regions, coupled with increased financing costs. At the same time, the Group has been expanding southwards; new branches and representative offices were established, thus preliminary expenses were incurred and affected the Group's results.

(i) Power Plant Investments and Operations

1. Power Plant Generations

During the year, the Group's wind power plants generated electricity output of 1,746.38 million kWh in total, increased 55.1% compared to 2010. The output attributable to the Group was 881.19 million kWh, representing an increase of 72.5% compared to last year. The Group recorded share of results in associates and jointly controlled entities of HK$171,037,000 (2010: HK$196,947,000), of which share of results from wind power investments was HK$ 141,515,000(2010: HK$124,183,000); disposal gain from wind farm sale was HK$0 (2010: HK$28,303,000); and deferred tax credit was HK$28,956,000(2010: HK$43,930,000).

In 2011, due to the reduction in wind speed, grid curtailment, transmission accident and rising financial costs, the share of results from wind power investment was adversely affected.

During the year, the Group strengthened the operation and maintenance of wind power plants, the availability rate of wind turbines reached 96.5%. However, the heavy grid curtailment and lower wind speed in northern China caused the capacity factors of wind power plants in Inner Mongolia and Jilin to drop significantly. In 2011, the weighted average utilization hours of the Group's wind power plants were 1,773 hours, a 15.9% decrease compared to 2010. The weighted average tariff rate of the Group's wind power plants was RMB 0.57 per kWh (including VAT), lower than RMB 0.59 per kWh of last year because greater portion of the Group's wind power plants in Inner Mongolia and northwest regions commenced operation in 2011.

II. BUSINESS REVIEW *(Continued)*

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

2. Power Plant Investments

In 2011, there were 18 wind and solar power projects under constructions, with installed capacity totaling 988MW, of which 547MW were on-going projects and 441MW were newly constructed. This year, 4 wind power plants (198MW) and 3 solar power plants (48MW) commenced operation, totaling 246MW of newly installed capacity. At the end of the year, the Group has 26 grid-connected wind and solar power plants, with a total installed capacity of 1,310MW, attributable installed capacity of 659MW.

The newly installed capacity at the end of the year was behind schedule as some projects were affected by the delay of project approvals. Moreover, in order to avoid investment losses, the Group had slowed down constructions of the power projects that were faced with lagging grid conditions.

The Group carried out the "build and sell" business strategy this year and attained favorable results. During the year, the Group achieved other gain of HK$296,693,000 from the disposal of Gansu Guazhou Century Concord, Liaoning Fuxin Taihe and other power projects upon completion or in the midst of construction.

3. Financing

During the year, the Group issued RMB750 million offshore CNY bond, the first offshore CNY issue in the renewable sector; was enlisted by Industrial and Commercial Bank of China enlisted the Group as one of the key clients in the wind power industry and granted a 15-year non-guarantee project financing loan of RMB600 million for two wind power projects; and implemented lease finance to secure funding for a wind power project, successfully expanded its project financing channels.

4. Project Development and Resource Reserves

In 2011, the Group obtained approvals for 588MW of wind power projects and 48MW of solar power projects. In addition, initiation approvals for wind power projects of 1,050MW and solar power projects of 130MW were granted at the provincial level, meaning the respective projects will be submitted onward to NEA for their endorsement. The Group has accumulated exclusive wind resources amounted to 28GW, a substantial increase particularly in the southern part of China where the grid connection and power transmission capability are strong. The Group has also signed a total of 5GW of exclusive solar power development right agreements, mainly in the northwestern part of China with rich solar irradiance. The abundant resources will help to support the sustainable development of the Group.

5. Clean Develop Mechanism (CDM) Development

During the year, 8 CDM projects were successfully registered with the United Nations' Executive Board (EB), with a total installed capacity of 548MW. At the end of the year, the Group has signed CER sales contracts for 38 wind power plants, of which 23 projects have been approved by China's NDRC and 15 projects have been registered with the United Nations.

II. BUSINESS REVIEW *(Continued)*

(ii) Renewable Energy Service Business (EPC&M)

In 2011, the Group extended its EPC&M services into the solar power regime and strengthened its capabilities in engineering consultancy, design, construction, power plant operation and maintenance. As such, external servicing capabilities were enhanced. However, being impacted by the construction delay and lower installed capacity, revenue and profit from EPC business declined.

1. Engineering, Procurement and Construction (EPC)

During the year, the Group's engineering consultancy and design company (E), equipment procurement company (P) and construction company (C) worked together to provide fully integrated turn-key solutions to project owners. While strengthening its internal management and completing the construction of the Group's wind power projects, the Group's also successfully extended its EPC services into the solar power sector. It contracted 4 solar power projects, including a 30MW project for an external customer. The design unit attained a class-B electrical engineering design (substation engineering) qualification; the engineering unit has consecutively awarded the title of "China's Top 500 Construction Enterprises"; gradually forming a safe and state-of-the-art construction and management standards.

During the year, the Group's EPC unit undertook 19 EPC projects, 8 sub-contracted projects and 241 feasibility studies and various design consultancy services (including 9 solar power feasibility and technical reports and 3 solar power construction designs). This business segment generated revenue of HK$440,151,000 (2010: HK$590,482,000).

2. Power Plant Operation and Maintenance (O&M)

In 2011, the Group's power plant operation and maintenance company obtained power facilities installation (repair & test) permit from North China Electricity Regulatory Bureau and successfully passed three standards system certification. The O&M business segment increased external marketing efforts, providing full operation and maintenance services to external power plant owners and carrying out warranty period inspection and maintenance services contracted by turbine manufacturers.

During the year, the Group's O&M unit had provided services to 33 wind power plants and 2 solar power plants, 7 of which were to external wind power plants. In addition, 9 scheduled inspection service contracts were signed with turbine manufacturers. This business segment contributed HK$101,114,000 in revenue (2010: HK$54,110,000) to the Group.

(iii) Renewable Energy Equipment Manufacturing

In 2011, the Group's renewable energy equipment manufacturing company – Tianhe – actively extended into the solar power regime. Tianhe undertook 2 inclined uni-axial brackets and fixed mounting bracket equipment manufacturing and supplying contracts. It has signed a co-operation agreement on solar thermal demonstration project with the Chinese Academy of Sciences and has initiated co-operation with several international solar companies to study and research solar PV related generation technology, equipment manufacturing and construction technique.

II. BUSINESS REVIEW *(Continued)*

(iii) Renewable Energy Equipment Manufacturing *(Continued)*

Early this year, the Group planned to spin off Tianhe for the separate listing on the main board of Stock Exchange of Hong Kong Limited. Due to changes in operating environment and market volatility, the Group has decided to postpone the spin off and listing plan of Tianhe.

During the year, Tianhe manufactured 283 unit of tower tubes (2010: 498 units) and 38.7MW (2010: Nil) capacity of PV mounting bracket, generated revenue of HK$417,781,000 (2010: HK$591,428,000).

III. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group had cash and cash equivalents of approximately HK$1,063,541,000 (2010: HK$732,544,000). As at that date, the current ratio was 1.32 times (2010: 1.95 times), gearing ratio (long term liabilities divided by owner's equity and long term liabilities) was 0.18 (2010: 0.17). At the end of the year, the Group's borrowings amounted to HK$1,131,036,000 (2010: HK$1,049,332,000). Loans added during this period were mainly for the purpose of construction of wholly owned wind power projects. The consolidated net assets of the Group stood at approximately HK$4,474,382,000 (2010: HK$3,913,495,000).

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 Asset

As at 31 December 2011, office building with its land use rights and equipment of the Group were pledged as security for outstanding loan of RMB 78,500,000 and RMB 3,858,000 respectively.

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 jointly controlled entities as security for the bank borrowings of each of the respective jointly controlled entities.

As at 31 December 2011, the Group has pledged its share of equity interests of five (2010: five) jointly controlled entities, with total value of its share of registered capital held by the Group amounted to HK$341,976,000 (2010: HK$325,808,000) for bank borrowings by the Group's jointly controlled entities.

One of the Group's JCEs, Gansu Guazhou Century Concord Wind Power Co., Ltd., had entered into an agreement to borrow a loan with principal amount up to US$140,000,000. As at 31 December 2011, the loan of approximately US$99,556,000 was drawn down by the JCE. Pursuant to the Limited Guarantee Agreement and the Equity Pledge Agreement signed between the Group and the borrower, the Group has provided the corporate guarantee with a pledge of 49% equity interest in the JCE amounted to HK$404,427,000.

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2011.

III. LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Commitments

As of 31 December 2011, the Group had capital commitments of HK$534,443,000 (2010: HK$ 1,562,570,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK$515,905,000 (2010: HK$ 950,538,000) and capital committed for the payment for equipment purchased by subordinate project companies of HK$18,538,000 (2010: HK$612,032,000).

IV. STAFF AND REMUNERATIONS

As of 31 December 2011, the Group had 2,012 (2010: 1,338) full-time employees - 201 for the Group's headquarter, 499 for project development and project management, 276 for EPC, 520 for O&M and 516 for equipment manufacturing. The growing number of employees is mainly due to the Group establishing more branches and representative offices to develop and manage southern projects. Also more operation and maintenance personnel were required to support the increasing installed capacity.

During the year, the Group granted 200 million share options to 173 key employees.

As a result of the rising number of employees, staff remunerations, including salaries, health and pension insurance, benefits and costs of issuance of share options, increased to HK$190,236,000 in 2011 (2010: HK$101,276,000), 88% jump compared to 2010.

V. CORPORATE GOVERNANCE

During the year, the Group focused on the organisation of work flow procedures and implementation of authorisation system. The Group reorganised the key business decision and management processes, including project approval, site selection, equipment procurement, investment decisions, budgeting, document processing, etc.. Such reorganisation further standardised and optimised the working procedures. The Group also restructure the composition of its investment decision committee and strengthened its efficiency and risk assessment abilities; in order to ensure decisions made are rational and effective.

In 2011, the Group continued to promote its corporate culture by encouraging employees to have a stronger sense of responsibility and promoting the core value of "people-oriented; value creation; pursuit of excellence and harmonious development" around the working environment; so as to establish a sense of cohesiveness and integrity among the Group.

VI. SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

The Group attaches great importance to social responsibility and environmental protection. With respect to environmental protection, the Group conscientiously implemented China's environmental protection laws and regulations by including environmental protection work into the Group's standardised policies. In 2011, the Group conducted a study on the impact to birds and natural environment from the construction of power projects in the northwestern part of China, so as to protect environmental ecology and bio-diversity. In the 2011 Clean Development International Financing Forum, the Group was honored with "The Top 10 Enterprise in Leading Green Innovations".

The Group put great emphasis on staff's occupational health and safety, environmental protection and public welfare. In 2011, the Group edited and published an "Administrative Manual on Environment, Health, Safety and Social Management System of China WindPower".

In terms of social responsibility, the Group emerged fully into the local communities, paid close attention to people's livelihood, and actively participated in community services. In 2011, the Group made several monetary, food and clothing donations to dilapidated schools and helped them to construct and repair their classrooms and dormitories in order to improve the living and learning conditions of the students.

The Group has made eminent achievements in emission reduction through its investments in wind power projects. During the year, the Group's wind power plants reduced carbon dioxide emission by 1.81 million tons, sulphur dioxide emission by 17,873 tons, and nitrogen oxide emission by 1,585 tons. Moreover, in contrast to coal-fired thermal plants, the Group's wind power plants saved 609,200 tons of standard coal and 5,059,700 tons of water. At the end of the report period, the Group's wind power plants had cumulatively reduced carbon dioxide emission by 3,610,000 tons, sulfur dioxide emission by 36,138 tons, and nitrogen oxide emission by 3,190 tons. They had saved 1,229,200 equivalent tons of standard coal and 10,179,700 tons of water.

VII. PROSPECT

In 2012, the global economy will remain uncertain. However, China's economy will continue its stable growth, thus electricity power demand will continue to rise. Wind and solar power, being the more commercially viable renewable energies, will have a huge potential for further development.

Technology of renewable energies continues to improve. The development of amorphous silicon thin film solar cell, innovation in the technology of PV cells, as well as solutions to the critical technical issues of high performing grid connection of PV systems; will prompt an explosive growth of the solar power industry. With the technological advancement, conversion efficiency of wind and solar power will increase further, the equipment operation will be more stable, and the power generation costs will be cheaper; all of which will increase the competitiveness of wind and solar power against the traditional fossil fuel energy.

Currently, China's renewable energy industry is facing with a few challenges, but these problems are being improved gradually:

First of all, the banks' required reserve ratio set by the PBOC has begun to come down, monetary policy is loosen up, financing difficulties should start to ease. We anticipate the PBOC lending rate to drop as it has reached its peak for the period.

VII. PROSPECT *(Continued)*

Secondly, China has put high priority on the power grid constructions. In 2012, the SGCC will focus on the preliminary work of ultra-high voltage (UHV) grid constructions, ensuring "Four AC Three DC" project to be approved and commence construction. The project includes four UHV AC transmission lines which run from Ximeng to Nanjing, Huainan to Shanghai, west Inner Mongolia to Changsha, and Yaan to south Anhui; three UHV DC transmission lines which run from south Hami to Zhengzhou, Xiluodu to west Zhejiang, west Hami to Chongqing. The North Zhejiang to Fuzhou UHV AC and two Zhundong to Sichuan and Ximeng to Taizhou UHV DC transmission projects will be approved in 2012. Considering the time required for power grid constructions, grid curtailment in the northern part of China will persist for another one to two years. However, after the completion of power grid constructions, we expect another breakthrough in the wind and solar power development in Inner Mongolia and the northwestern regions of China.

In addition, NDRC's Energy Research Institute is working on "Administrative Measures for Renewable Energy Quota System", expecting to be launched within 2012. On the provincial and city level, the system will set renewable energy quotas for total electricity consumption, electricity amount acquired by grid enterprises and the number of renewable energy power plants. The quota system is part of the national renewable energy development goal to encourage active tapping of local renewable energies.

In 2012, with the cumulated experience and lessons, the Group will continue to strengthen its capabilities. Given the abundant resources gathered in the southern part of China, the Group will increase its investments in wind power projects in the South. The Group will also intensify its development in solar power sector; continue to deepen its capabilities in consultancy, design, EPC and O&M for solar power projects, as well as manufacturing of solar power equipments. The Group will put more effort in developing solar power projects with the aim to increase returns from solar power plants.

In 2012, the Group will effectively control its investments, choosing only to invest in projects that display promising profitability and have good grid conditions. We aim to add at least 400MW installed capacity of wind and solar power plants. Moreover, the Group will continue to strengthen its EPC&M competency and extend its services more aggressively to external customers. We will maintain the "build and sell" strategy to maximize returns. At the same time, the Group will intensify its internal management, costs control and safety generation, so as to improve the availability rate of turbines and capacity factors of the power plants, effectively increase the returns from power generation.

The Group will actively tackle any upcoming challenges and difficulties, strive to be the world's top-ranked clean and renewable energy companies!

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Shunxing

Aged 50, 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 in 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.

Mr. Ko Chun Shun, Johnson

Aged 60, joined the Group in 2006 as the Chairman and was designated as Vice-Chairman of the Company since June 2009. He is also the Chairman and Executive Director of DVN (Holdings) Limited, Reorient Group Limited (formerly known as Asia TeleMedia 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 45, 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 formerly held senior positions at Golden Concord Holdings Limited.

Mr. Yang Zhifeng

Aged 41, joined the Group in 2007. He is the Vice President of the Company and is also a director of various subsidiaries of the Group. Mr. Yang holds his Master degree in International Finance from Renmin University of China. He was the General Manager of Asset Management and Operation Department in China Energy Conservation Investment Corporation.

Ms. Liu Jianhong

Aged 43, 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.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Yu Weizhou

Aged 47, 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 his Bachelor degree in statistics from Renmin University of China, a Master degree in Finance from Renmin University of China, and a Doctor's degree in Engineering Management from Xian University of Technology. Mr. Yu was the Vice Director of Power Planning & Investment Department of State Economic & Trade Commission, the Director of Market Management Department of State Power Management Commission and the Vice General Engineer of China Shenhua-Guohua Energy Investment Limited.

Mr. Zhou Zhizhong

Aged 55, joined the Group as Vice President in 2009 and Mr. Zhou is a director of various subsidiaries and jointly controlled entities of the Group. Mr. Zhou holds a Master degree from Nanjing University of Science and Technology. He was the Vice General Engineer of Jiangsu Electric Bureau, the 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.

Ms. Ko Wing Yan, Samantha

Aged 32, 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. She was a director in the Structured Credit and Fund Solutions team at HSBC. Ms. Ko is the daughter of Mr. Ko Chun Shun, Johnson who is the Vice Chairman and an executive Director. Ms. Ko is also an Executive Director of Reorient Group Limited (formerly known as Asia TeleMedia Limited), the shares of which are listed on the Hong Kong Stock Exchange.

Mr. Chan Kam Kwan, Jason

Aged 38, is also the company secretary of the Company since 2006, and 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Tsoi Tong Hoo, Tony

Aged 47, 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. Mr. Tsoi is the CEO and an Executive Director of Varitronix International Limited, an Executive Director of Reorient Group Limited (formerly known as Asia TeleMedia Limited), an Independent Non-Executive Director of Fairwood Holdings Limited and a Non-Executive Director of Ocean Grand Holdings Limited, all of which are listed on the Hong Kong Stock Exchange. Mr. Tsoi is the Deputy Chairman of the supervisory board of Data Modul AG, which is listed on the Frankfurt Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Zhou Dadi

Aged 65, 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 Doctor's degree from the Geneva School of Diplomacy and International Relations in Switzerland in 2007. Dr. Zhou is the Vice Director of China National Energy Consulting Committee and was the former Director-General of the Energy Research Institute of National Development and Reform Commission.

Dr. Wong Yau Kar, David, JP

Aged 54, 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 participating in public services and to name a few, he is the Chairman of Protection of Wages on Insolvency Fund Board and Chairman of Business and Professionals Federation 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 was 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. Liu Dongyan

Aged 48, joined the Group in 2008. He is the Vice President of the Company. He holds a Bachelor degree from University of Science and Technology Beijing. 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. Wang Yaobo

Aged 65, 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 was the Vice General Engineer of Jilin Electric Bureau.

Mr. Luo Maofeng

Aged 46, joined the Group in 2008. He is the Vice President of the Company. Mr. Luo holds a Master Degree in Irrigation and Hydropower Construction 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 Limited.

Mr. Hu Mingyang

Aged 40, 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.) Limited.

Mr. Xie Jianmin

Aged 48, joined the Group in 2007. He is the Chief Engineer of the Company. Mr. Xie holds a Doctor's 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 was the Director of Ningxia Wind Power Research Institute.

Mr. Lu Yichuan

Aged 32, joined the Group in 2010. He is the Chief Technology Officer of the Company. He holds a Doctor's 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.

The directors of the Company (the "Directors") submit their report together with the audited consolidated financial statements for the year ended 31 December 2011 (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 18 to the consolidated 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 consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated income statement on page 37. The Directors recommend to declare a final dividend of HK$ 0.01 per ordinary share for the Year (2010: Nil), totalling HK$73,936,000 (2010: Nil). Such dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

RESERVES

Movements in the reserves of the Group and of the Company during the Year are set out in Note 32 to the consolidated 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 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2011 are set out in Note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years/period is set out on page 115.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Year, the Company had purchased 6,960,000 ordinary shares of HK$ 0.01 each of the Company with aggregate consideration of HK$2,333,000 on The Stock Exchange of Hong Kong Limited, all of the purchased ordinary shares were subsequently cancelled by the Company upon repurchase and the issued share capital of the Company was reduced thereon.

Save as disclosed herein, the Company had not redeemed any of the Company's listed securities, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the Year.

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. During the Year, 200,000,000 share options were granted under the Share Option Scheme. The share option scheme limit was refreshed by a resolution passed at the annual general meeting held on 20 June 2011. The maximum number of options that can be granted by the Company was refreshed to 739,377,996 share options.

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 31 to the consolidated financial statements.

As at the date of this report, the total number of share option that can be granted was 739,377,996 representing 10% of the issued share capital of the Company.

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
Mr. Zhou Zhizhong (appointed on 28 June 2011)
Ms. Ko Wing Yan, Samantha
Mr. Chan Kam Kwan, Jason

Non-executive Director

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 and 102(B) of the Company's Bye-laws, Mr. Liu Shunxing, Mr. Yu Weizhou, Dr. Zhou Dadi, Mr. Yap Fat Suan, Henry and Mr. Zhou Zhizhong 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.

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 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 2011, 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 2011

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

Number of shares held and nature of interest					Approximate Percentage of the total issued share capital(%)
Name of the Directors	Personal	Family	Corporate	Total	
Liu Shunxing	—	—	2,023,469,387 [1]	2,023,469,387	27.37
Ko Chun Shun, Johnson	—	—	2,000,000,000 [2]	2,000,000,000	27.05
Wang Xun	—	—	2,023,469,387 [1]	2,023,469,387	27.37
Yang Zhifeng	—	—	2,023,469,387 [1]	2,023,469,387	27.37
Liu Jianhong	1,210,000	—	2,023,469,387 [1]	2,024,679,387	27.38
Ko Wing Yan, Samantha	—	—	20,000,000 [3]	20,000,000	0.27
Dr. Wong Yau 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.

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 31 to the consolidated financial statements.

Save as disclosed above, as at 31 December 2011, 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 2011, 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.

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 sharecapital(%)
China Wind Power Investment Limited (Note)	2,023,469,387	27.37%

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 2011, 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 2011 is contained in Note 39 to the consolidated financial statements.

Connected transactions

On 24th November 2011, CWP Energy Limited, a wholly owned subsidiary of the Group entered into the Disposal Agreement with Liaoning Energy pursuant to which CWP Energy Limited has conditionally agreed to disposal of a 49% equity interest in Fuxin Taihe to Liaoning Energy at a consideration of RMB169,122,400. Upon completion of the disposal, Fuxin Taihe will be owned as to 51% by the Company and 49% by Liaoning Energy, and Fuxin Taihe becomes a jointly contolled entity of the Group in the consolidated financial statement.

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 proposed 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.

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 (together, "Framework Agreements") respectively.

During the Year, the Group has established 2 JVs under the Framework Agreements with total capital investment of RMB129,600,000.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Continuing connected transactions

The provision of Services under the Framework Agreements constitute continuing connected transaction under the Listing Rules.

During the Year, the Group has provided the Services to the Joint Ventures for a consideration of RMB89,460,000 (2010: RMB141,137,000).

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 57% 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 62% of the total purchases for the Year, and the largest supplier included therein amounted to 27%.

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

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 28 to 34 of the annual report.

POST BALANCE SHEET EVENT

Details of the post balance sheet event is set out in Note 40 to the consolidated 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, 23 March 2012

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 2011, the Board comprised of thirteen Directors, including the Chairman & CEO, Vice Chairman, seven executive Directors, one non-executive Director and three independent non-executive Directors. Biographical details of the Directors are stated under the section "Biographical Details of Directors and Senior Management".

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

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

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

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

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

THE BOARD *(Continued)*

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
Executive Directors	Wang Xun	9/9
	Yang Zhifeng	9/9
	Liu Jianhong	9/9
	Yu Weizhou	9/9
	Zhou Zhizhong*	4/4
	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.

*Mr. Zhou Zhizhong was appointed on 28 June 2011.

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 pages 35 to 36, which acknowledges the reporting responsibilities of the Group's auditor.

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.

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 assist 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.

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditor, 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 auditor.

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 auditor, PricewaterhouseCoopers("PwC"), on the scope and outcome of their annual audit of the consolidated financial statements.

EXTERNAL AUDITOR

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 auditor.

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.

AUDITOR'S REMUNERATION

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

Nature of the services	**31 December 2011 HK$'000**	31 December 2010 HK$'000
Audit services	**3,196**	2,550
Other services	**3,645**	2,170
	6,841	4,720

REMUNERATION COMMITTEE

At 31 December 2011, 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.

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

On 23 March 2012, Mr. Ko Chun Shun, Johnson resigned as the Chairman of the Remuneration Committee. On the same date, Dr. Wong Yau Kar, David, JP, a member of the Remuneration Committee, was appointed as the Chairman of the Remuneration Committee. Mr. Liu Shunxing, Ms. Liu Jianhong and Dr. Zhou Dadi were appointed as members of the Remuneration Committee.

NOMINATION COMMITTEE

The Company did not have a Nomination Committee during the year ended 31 December 2011. The power to nominate or appoint additional directors is vested in the Board according to the bye-laws of the Company, in addition to the power of the shareholders of the Company to nominate any person to become a director of the Company in accordance with the bye-laws of the Company and all applicable laws.

Subsequent to the year ended 31 December 2011, the Nomination Committee of the Company was established on 23 March 2012 comprising 5 members. The Nomination Committee is chaired by Mr. Liu Shunxing with Ms. Liu Jianhong, Dr. Zhou Dadi, Dr. Wong Yau Kar, David, JP and Mr. Yap Fat Suan, Henry being the other members. The Nomination Committee shall meet for, inter alia, making recommendations to the Board on the appointment or re-appointment of directors of the Company.

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 Chief Financial Officer ("CFO") 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 CFO also discusses the audit plan with the Audit Committee and the external auditor. 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 auditor so that both are aware of the significant factors which may affect their respective scope of work.

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

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

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

Shareholders are encouraged to attend the annual general meeting for which at least 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.

pwc

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
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 37 to 114, which comprise the consolidated and company balance sheets as at 31 December 2011, 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.

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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com

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 2011, 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, 23 March 2012

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	*6*	**959,046**	1,236,020
Other income	*6*	**18,093**	7,329
Other gains, net	*7*	**283,865**	1,888
Expenses			
Cost of construction and inventories sold		**(568,542)**	(713,719)
Employee benefit expense	*8*	**(190,236)**	(101,276)
Depreciation and amortisation		**(14,729)**	(9,633)
Operating lease payments in respect of land and buildings		**(7,956)**	(8,955)
Other expenses		**(81,389)**	(55,129)
Finance costs	*9*	**(64,899)**	(4,465)
Share of results			
- associates		**1,391**	4,483
- jointly controlled entities		**169,646**	192,464
Profit before income tax	*10*	**504,290**	549,007
Income tax expense	*11*	**(132,081)**	(121,784)
Profit for the year		**372,209**	427,223
Profit attributable to equity holders of the Company		**372,209**	427,223
Earnings per share attributable to equity holders of the Company during the year			
Basic earnings per share	*13(a)*	**5.03 HK cents**	5.85 HK cents
Diluted earnings per share	*13(b)*	**5.00 HK cents**	5.78 HK cents
Dividend	*14*	**73,936**	-

The notes on pages 44 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**372,209**	427,223
Other comprehensive income:		
Currency translation differences		
- Group	**101,959**	67,504
- Associates	**6,750**	4,316
- Jointly controlled entities	**59,890**	32,409
- Loss of control over subsidiaries	**(33,008)**	-
Total other comprehensive income for the year	**135,591**	104,229
Total comprehensive income for the year	**507,800**	531,452
Total comprehensive income attributable to equity holders of the Company	**507,800**	531,452

The notes on pages 44 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	15	**1,286,961**	1,585,434
Leasehold lands and land use rights	16	**154,710**	121,645
Intangible assets	17	**1,324,891**	1,262,995
Interests in associates	19	**142,924**	135,919
Interests in jointly controlled entities	20	**1,880,630**	916,556
Deferred tax assets	33	**26,825**	23,182
		4,816,941	4,045,731
Current assets			
Inventories	21	**308,448**	44,425
Trade receivables	23	**499,761**	108,936
Prepayments, deposits and other receivables	24	**228,856**	139,258
Amounts due from associates	19	**6,199**	14,368
Amounts due from jointly controlled entities	20	**577,747**	339,982
Cash and cash equivalents	25	**1,063,541**	732,544
		2,684,552	1,379,513
Total assets		**7,501,493**	5,425,244
Liabilities			
Non-current liabilities			
Borrowings	29	**974,146**	802,057
Deferred tax liabilities	33	**2,511**	2,072
Deferred government grant	34	**17,921**	-
		994,578	804,129
Current liabilities			
Trade and bill payables	27	**843,588**	203,250
Other payables and accruals	28	**696,223**	158,338
Amounts due to associates	19	**24,385**	-
Amounts due to jointly controlled entities	20	**276,696**	31,690
Borrowings	29	**156,890**	247,275
Current income tax liabilities		**34,751**	67,067
		2,032,533	707,620
Total liabilities		**3,027,111**	1,511,749
Net current assets		**652,019**	671,893
Total assets less current liabilities		**5,468,960**	4,717,624
Net assets		**4,474,382**	3,913,495

	Note	2011 HK$'000	2010 HK$'000
Equity			
Equity attributable to equity holders of the Company			
Share capital	*30*	**73,936**	73,915
Reserves			
Proposed final dividend	*14*	**73,936**	-
Others		**4,326,510**	3,839,580
Total equity		**4,474,382**	3,913,495

....
Liu Shunxing
Director

....
Ko Chun Shun, Johnson
Director

The notes on pages 44 to 114 are an integral part of these consolidated financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*15*	**3**	8
Interests in subsidiaries	*18*	**1,554,215**	2,672,412
		1,554,218	2,672,420
Current assets			
Prepayments and deposits	*24*	**5,340**	2,824
Amounts due from subsidiaries	*18*	**1,016,561**	170,728
Amount due from a jointly controlled entity	*20*	**865**	625
Cash and cash equivalents	*25*	**27,598**	6,564
		1,050,364	180,741
Total assets		**2,604,582**	2,853,161
Liabilities			
Non-current liabilities			
Borrowings	*29*	**909,428**	-
Current liabilities			
Other payables and accruals	*28*	**18,783**	5,879
Amounts due to subsidiaries	*18*	**12,494**	-
		31,277	5,879
Total liabilities		**940,705**	5,879
Net current assets		**1,019,087**	174,862
Total assets less current liabilities		**2,573,305**	2,847,282
Net assets		**1,663,877**	2,847,282
Equity			
Equity attributable to equity holders of the Company			
Share capital	*30*	**73,936**	73,915
Reserves			
Proposed final dividend	*14 and 32*	**73,936**	-
Others	*32*	**1,516,005**	2,773,367
Total equity		**1,663,877**	2,847,282

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Liu Shunxing — *Director*

Ko Chun Shun, Johnson — *Director*

The notes on pages 44 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Premium arising on acquisitionof non-controlling interests HK$'000	Exchange reserve HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2010	**72,787**	**2,895,213**	**78,810**	**(35,481)**	**125,762**	**13,230**	**117,522**	**3,267,843**
Comprehensive income								
Profit for the year	-	-	-	-	-	-	427,223	427,223
Other comprehensive income								
Currency translation differences								
- Group	-	-	-	-	67,504	-	-	67,504
- Associates	-	-	-	-	4,316	-	-	4,316
- Jointly controlled entities	-	-	-	-	32,409	-	-	32,409
Total other comprehensive income	-	-	-	-	104,229	-	-	104,229
Total comprehensive income	-	-	-	-	104,229	-	427,223	531,452
Transactions with owners								
Subscription of new ordinary shares	1,011	76,689	-	-	-	-	-	77,700
Exercise of share options	117	5,852	-	-	-	(1,474)	-	4,495
Share-based compensation	-	-	-	-	-	32,005	-	32,005
Total transactions with owners	1,128	82,541	-	-	-	30,531	-	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**
Comprehensive income								
Profit for the year	-	-	-	-	-	-	372,209	372,209
Other comprehensive income								
Currency translation differences								
- Group	-	-	-	-	101,959	-	-	101,959
- Associates	-	-	-	-	6,750	-	-	6,750
- Jointly controlled entities	-	-	-	-	59,890	-	-	59,890
- Loss of control over subsidiaries	-	-	-	-	(33,008)	-	-	(33,008)
Total other comprehensive income	-	-	-	-	135,591	-	-	135,591
Total comprehensive income	-	-	-	-	135,591	-	372,209	507,800
Transactions with owners								
Repurchase and cancellation of ordinary shares	(70)	(2,263)	-	-	-	-	-	(2,333)
Cancellation of share premium	-	(2,977,754)	2,596,978	-	-	-	380,776	-
Exercise of share options	91	4,604	-	-	-	(1,385)	-	3,310
Share-based compensation	-	-	-	-	-	52,110	-	52,110
Total transactions with owners	21	(2,975,413)	2,596,978	-	-	50,725	380,776	53,087
Balance at 31 December 2011	**73,936**	**2,341**	**2,675,788**	**(35,481)**	**365,582**	**94,486**	**1,297,730**	**4,474,382**

The notes on pages 44 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	35	**505,786**	330,835
Income tax paid		**(176,020)**	(70,079)
Net cash generated from operating activities		**329,766**	260,756
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,870,595)**	(1,467,316)
Purchases of leasehold lands and land use rights		**(39,647)**	(121,871)
Capital injection to associates		**-**	(42,265)
Capital injection to jointly controlled entities		**(294,530)**	(182,724)
Net proceeds received from joint venture partners	36(a)	**716,212**	51,691
Net proceeds from disposal of property, plant and equipment	36(c)	**344**	1,678
Net proceeds from disposal of financial assets at fair value through profit or loss		**762**	1,527
Dividends received from associates		**-**	5,334
Dividends received from jointly controlled entities		**18,805**	15,849
Receipt of government grants		**21,165**	-
Interest received		**5,680**	3,384
Net cash used in investing activities		**(1,441,804)**	(1,734,713)
Cash flows from financing activities			
Net proceeds from issuance of new ordinary shares		**-**	77,700
Repurchase of ordinary shares		**(2,333)**	-
Net proceeds from exercise of share options		**3,310**	4,495
Proceeds from borrowings		**1,791,112**	1,402,240
Repayment of borrowings		**(293,489)**	(388,163)
Interest paid		**(64,899)**	(4,465)
Net cash generated from financing activities		**1,433,701**	1,091,807
Net increase/(decrease) in cash and cash equivalents		**321,663**	(382,150)
Cash and cash equivalents at beginning of the year		**732,544**	1,109,561
Exchange gain on cash and cash equivalents		**9,334**	5,133
Cash and cash equivalents at end of the year		**1,063,541**	732,544
Analysis of balances of cash and cash equivalents			
Cash and bank balances	25	**1,063,541**	732,544

The notes on pages 44 to 114 are an integral part of these consolidated financial statements.

1 General 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 of engineering, procurement and construction of power plants, manufacture of equipment, operation and maintenance of power plants, and investment in power plants.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("the 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 23 March 2012.

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"). 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 standards adopted by the Group

The following amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011 and are relevant to the Group's operations:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKFRS 3 (Revised)	Business Combinations

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures *(Continued)*

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

The impacts of the adoption of these amended and revised HKFRSs on these consolidated financial statements are as follows:

(i) HKAS 1 (Amendment) 'Presentation of Financial Statements'. This amendment confirms that entities may present an analysis of the components of other comprehensive income by item either in the statement of changes in equity or within the notes. The adoption of this amendment does not have any impact on the presentation of the Group's consolidated financial statements.

(ii) HKFRS 3 (Revised) 'Business Combinations'. This amendment clarifies that only when the acquiree has present ownership instruments that entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the acquirer can choose to measure the non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This revision does not have any material financial impact on the Group.

The following new, amended and revised HKFRSs are mandatory for the Group's accounting period beginning on 1 January 2011, but are not currently relevant to the Group's operations:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 7 (Amendment)	Financial instruments: Disclosures
HK(IFRC) - Int 13 (Amendment)	Customer Loyalty Programmes
HK(IFRC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

(b) New, amended and revised HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2011 and have not been early adopted

HKAS 1 (Revised) (Amendment)	Presentation Financial Statements - Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities
HKFRS 7 (Amendment)	Financial Instruments: Disclosure - Transfers of Financial Assets
HKFRS 7 (Amendment)	Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities
HKFRS 7 (Revised)	Financial Instruments: Disclosure

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures *(Continued)*

(b) New, amended and revised HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1 January 2011 and have not been early adopted *(Continued)*

HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has commenced an assessment of the impact of these new, amended and revised HKFRSs but is not yet in a position to state whether they would have a significant impact of its results of operations and financial position.

2.2 Consolidation

(a) Subsidiaries

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

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree 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. 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 recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement (Note 2.6).

2 Summary of significant accounting policies *(Continued)*

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets 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 impairment (Note 2.8). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of its associates' and JCEs' post-acquisition profits or losses are recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associates or JCEs.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates or JCEs are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or JCEs and their carrying value and recognises the amount adjacent to 'share of results of associates/JCEs' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates or JCEs are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates or JCEs. Unrealised losses are 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. Dilution gains and losses arising in investments in associates and JCEs are recognised in the consolidated income statement.

In the Company's balance sheet, the investments in associates and JCEs are stated at cost less impairment (Note 2.8). The results of associates and JCEs 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)*

(c) Partial disposal

When the Group ceases to have control or significant influence over an entity, any retained interest in the entity is re-measured to its fair value at the date when 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 amounts 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 profit or loss.

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 profit or loss where appropriate.

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.

2.4 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 within 'other expenses' in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

2.4 Foreign currency translation *(Continued)*

(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 rate on the dates of the transactions); and

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

On consolidation, exchange differences arising from translation of inter-company loan balances between group entities are recognised in other comprehensive income and accumulated in equity under 'exchange reserve' when such loans form part of the Group's net investments in foreign entities. When such loans are repaid, the related exchange gains or losses are reclassified to 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. Exchange differences arising are recognised in equity.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity under 'exchange reserve' in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement as a part of gain or loss of disposal.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or JCEs that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to the consolidated income statement as a part of gain or loss of disposal.

2.5 Property, plant and equipment

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

2 Summary of significant accounting policies *(Continued)*

2.5 Property, plant and equipment *(Continued)*

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 reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and JCEs and represents the excess consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates or JCEs is included in interests in associates or JCEs and is tested for impairment as part of the overall balances.

Separately recognised goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a potential impairment and carried at cost less impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains or losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

2 Summary of significant accounting policies *(Continued)*

2.6 Intangible assets *(Continued)*

(b) 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. Such intangible assets are recognised at their fair values at the acquisition date. The other intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs over their estimated useful lives of 20 years.

2.7 Leasehold lands and land use rights

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

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 that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable 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 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.

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

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

2.9 Financial assets *(Continued)*

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables comprise trade receivables, deposits and other receivables, amounts due from associates and JCEs, loan to a JCE and cash and cash equivalents in the consolidated and company balance sheets (Notes 2.13 and 2.14).

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 Group assesses at each reporting 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 2.10.

2.10 Impairment of financial assets

The Group assesses at each reporting 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 reporting date.

2 Summary of significant accounting policies *(Continued)*

2.10 Impairment of financial assets *(Continued)*

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 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.

2.11 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.

2.12 Construction contracts

A construction contract is defined by HKAS 11 as a contract specifically negotiated for the construction of an asset. 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 by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract 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 up to the reporting 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.

2 Summary of significant accounting policies *(Continued)*

2.12 Construction contracts *(Continued)*

On the consolidated balance sheet, the Group reports the net contract position for each contract as either an asset of a liability. A contract represents an asset where costs incurred plus recognised profits exceed progress billings and a contract represents a liability where the opposite is the case.

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 in '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 recognised profits.

2.13 Trade and other 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 the People's Republic of China ("PRC") local government authority in relation to the amounts paid to guarantee the construction projects of 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 and other receivables and amounts due from subsidiaries, associates and JCEs are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks.

2.15 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.

Where the Company purchases the company's equity share capital for cancellation, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to equity holders of the Company.

2.16 Trade and other 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 and other payables and amounts due to subsidiaries, associates and 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)*

2.17 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 reporting date.

2.18 Borrowing costs

General and specific 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.

2.19 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting 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 tax liabilities are not recognised if they arises from the initial recognition of goodwill and 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 reporting 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.

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

2 Summary of significant accounting policies *(Continued)*

2.19 Current and deferred income tax *(Continued)*

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

Investment tax credits are tax benefits received only for investment in specific assets. The tax benefit is recognised separately from related assets as deferred government grant and amortised over the estimated useful lives of the related assets in the consolidated income statement.

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 recognised within 'employee benefit expense' in 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 recognised within 'employee benefit expense' in the consolidated income statement as they become payable in accordance with the rules of the central pension schemes.

(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 (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Forfeiture occurs when either a service or a non-market vesting condition is not met.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Group 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 to 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.

2 Summary of significant accounting policies *(Continued)*

2.20 Employee benefits *(Continued)*

(b) Share-based compensation *(Continued)*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to interests in subsidiaries undertakings, with a corresponding credit to equity in the parent entity accounts.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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 is measured at 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, when 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.

2 Summary of significant accounting policies *(Continued)*

2.22 Revenue recognition *(Continued)*

(ii) Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

(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 2.12).

(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.

(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 Government grants

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

Government grant relating to land use rights and property, plant and equipment are included in non-current liabilities as deferred government grant and are credited to the consolidated income statement within 'other income' on a straight-line basis over the expected lives of the related assets.

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

2.24 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.

2.25 Dividend distribution

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

3 Financial risk management

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks. 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 2011, the Group's financial instruments mainly consisted of trade receivables, deposits and other receivables, amounts due from/to associates, amounts due from/to JCEs, loan to a JCE, cash and cash equivalents, trade and bill payables, other payables and accruals and borrowings. Details of these financial instruments are disclosed in Note 22.

(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.

As at 31 December 2010, certain bank balances and borrowings are denominated in United States dollars ("US$") and are hence exposed to foreign exchange risk. As at 31 December 2011, certain bank balances and loan to a JCE are denominated in US$ and hence exposed to foreign exchange risk. Details of the Group's loan to a JCE, bank balances and borrowings denominated in foreign currencies are disclosed in Notes 20, 25 and 29, respectively.

As at 31 December 2011, if US$ had strengthened/weakened by 5% against RMB with all other variables held constant, the profit for the year and equity would increase/decrease by HK$1,622,000 (2010: decrease/increase by HK$16,083,000), mainly as a result of foreign exchange gains/losses on translation of US$ denominated loan to a JCE and bank balances.

(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 as it is issued at fixed 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 bank balances and borrowings are disclosed in Notes 25 and 29. 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 equity would increase/decrease by HK$2,398,000 (2010: HK$1,121,000). This is mainly attributable to the Group's exposure to interest income/ expenses on floating rate bank balances and borrowings.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk

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

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 bank balances 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 2011, the Group has available unutilised bank and other loans facilities of approximately HK$516,206,000 (2010: HK$324,915,000).

The table below analyses the financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period at the reporting 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.

3 Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

As at 31 December 2011

	Group				
	Less than 3 months HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	Over 2 years HK$'000
Trade and bill payables	843,588	-	-	-	-
Other payables and accruals	568,997	-	-	-	-
Amounts due to associates	24,116	-	-	-	-
Amounts due to JCEs	74,081	-	-	-	-
Borrowings	7,638	43,550	164,219	126,010	939,935

	Company				
	Less than 3 months HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	Over 2 years HK$'000
Amounts due to subsidiaries	12,494	-	-	-	-
Other payables and accruals	18,783	-	-	-	-
Borrowings	1,050	14,744	29,489	58,977	939,935

As at 31 December 2010

	Group				
	Less than 3 months HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	Over 2 years HK$'000
Trade and bill payables	203,520	-	-	-	-
Other payables and accruals	92,838	-	-	-	-
Amounts due to JCEs	11,712	-	-	-	-
Borrowings	7,680	39,831	239,665	153,413	930,525

	Company				
	Less than 3 months HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	Over 2 years HK$'000
Other payables and accruals	5,879	-	-	-	-

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.

The Group's long-term liabilities and total capital positions as at 31 December 2011 and 2010 were as follows:

	2011 **HK$'000**	2010 HK$'000
Long-term liabilities	**994,578**	804,129
Total equity	**4,474,382**	3,913,495
Total capital	**5,468,960**	4,717,624
Gearing ratio	**18%**	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) Revenue recognition

The Group uses the percentage of completion method in accounting for contract revenue from the individual contract of construction works and revenue from fixed-price contracts to deliver services to customers. The percentage of completion of construction works is determined by reference to the percentage of surveys of work performed for individual contract at the reporting 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. In addition, use of the percentage of completion method for service revenue required the Group to estimate the service performed to date as a proportion of the total services to be performed. The Group regularly reviews and revises the estimation of the total services to be performed during the services rendering.

(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. 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 reporting 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;
- goodwill and other intangible asset;
- interests in subsidiaries, associates and JCEs; and
- trade and other receivables

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 17).

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 reporting date.

4 Critical accounting estimates and judgements *(Continued)*

(c) Impairment of assets *(Continued)*

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 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.

The executive directors consider the business from a product and service perspective. During the year, the executive directors resolved to realign the management structure of the two previous operating segments consultancy and design, and engineering and construction. The two operating segments were then merged to form the new segment engineering, procurement and construction. In the new structure, the Group has therefore reported on four operating segments as follows:

- Engineering, procurement and construction - providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects;

- Manufacture of equipment - manufacturing of tower tube and gear box equipments for power business;

- Operation and maintenance of power plants - providing operation and maintenance services to power plants; and

- Investment in power plants - investing in power plants.

To ensure a consistent comparison to the new structure, the comparatives have been restated accordingly.

5 Segment information *(Continued)*

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 compensation and unrealised gains or losses on financial instruments.

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

Segment liabilities comprise payables, borrowings and current income tax liabilities which are related to the segments.

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 external customers in Bermuda, and all of its revenue was generated from external customers in the PRC. No non-current assets are located in Bermuda, and most of these non-current assets are located in the PRC.

Three (2010: one) single external customers contribute more than 10% revenue of the Group. Revenues of approximately HK$167,646,000 (2010: Nil), HK$158,994,000 (2010: Nil) and HK$139,581,000 (2010: HK$212,641,000) are derived from customer A, customer B and customer C, respectively. These revenues are attributable to the engineering, procurement and construction and equipment manufacturing segments.

5 Segment information *(Continued)*

Business segments

For the year ended 31 December 2011

	Engineering, procurement and construction HK$'000	Equipment manufacturing HK$'000	Power plant operation and maintenance HK$'000	Investment in power plants HK$'000	Total HK$'000
Segment revenue					
Inter-segment sales	810,162	22,805	40,274	(873,241)	**-**
Sales to external customers	440,151	417,781	101,114	-	**959,046**
Segment results	53,014	106,521	32,041	121,785	**313,361**
Finance income	2,490	708	35	1,047	**4,280**
Other gains, net	-	36	-	283,829	**283,865**
Unallocated income					**13,813**
Unallocated expenses					**(94,301)**
Finance costs	(9,940)	(6,788)	-	-	**(16,728)**
Profit before income tax					**504,290**
Income tax expense	(41,019)	(55,146)	(605)	(35,311)	**(132,081)**
Profit for the year					**372,209**
Segment assets	1,794,413	694,302	199,750	4,712,214	**7,400,679**
Unallocated assets					**100,814**
Total assets					**7,501,493**
Segment liabilities	(1,427,061)	(172,181)	(11,707)	(487,098)	**(2,098,047)**
Unallocated liabilities					**(929,064)**
Total liabilities					**(3,027,111)**
Other segment information					Unallocated
Additions to non-current assets (other than financial instruments and deferred tax assets)	67,299	120,878	4,629	2,144,783	57
Depreciation of property, plant and equipment	14,979	6,282	2,466	3,786	551
Amortisation of other intangible asset and prepaid operating lease payment	3,573	435	-	154	117
Loss on disposal of property, plant and equipment	-	(144)	(2)	-	-
Share-based compensation	16,120	1,632	1,804	9,112	23,442

5 Segment information *(Continued)*

Business segments

For the year ended 31 December 2010

	Engineering, procurement and construction HK$'000 (restated)	Equipment manufacturing HK$'000	Power plant operation and maintenance HK$'000	Investment in power plants HK$'000	Total HK$'000
Segment revenue					
Inter-segment sales	200,030	(21,631)	10,362	(188,761)	-
Sales to external customers	590,482	591,428	54,110	-	1,236,020
Segment results	172,228	179,974	19,020	201,079	572,301
Finance income	1,515	753	48	1,068	3,384
Other gains, net	547	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	(90,398)	(23,689)	(2,368)	(5,329)	(121,784)
Profit for the year					427,223
Segment assets	874,346	365,011	176,426	3,936,825	5,352,608
Unallocated assets					72,636
Total assets					5,425,244
Segment liabilities	(470,788)	(236,085)	(13,609)	(782,256)	(1,502,738)
Unallocated liabilities					(9,011)
Total liabilities					(1,511,749)
Other segment information					Unallocated
Additions to non-current assets (other than financial instruments and deferred tax assets)	56,693	14,141	39,456	1,355,991	1,035
Depreciation of property, plant and equipment	5,105	2,352	1,321	1,197	545
Amortisation of other intangible asset and prepaid operating lease payment	98	285	-	49	129
Loss on disposal of property, plant and equipment	(46)	143	-	-	-
Share-based compensation	29,291	1,078	1,636	-	-

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.

An analysis of revenue and other income is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Revenue	**959,046**	1,236,020
Other income		
Interest income	**5,680**	3,384
Subletting income	**8,245**	3,368
Government grants (Note)	**3,617**	-
Others	**551**	577
	18,093	7,329

Note: The Group obtained and recognised as income a government grant of HK$3,047,000 (2010: Nil) from the PRC government to subsidise for investments in the PRC during the year. In addition, another government grant of HK$18,118,000 (2010: Nil) was received from the PRC government as financial subsidies for investments in the PRC and details of the grant is set out in Note 34 to the consolidated financial statements.

7 Other gains, net

An analysis of other gains, net is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Gain on businesses or assets contribution to JCEs (Note 36(a))	**296,693**	361
Other professional fees	**(13,551)**	-
Loss on disposal of a subsidiary (Note 36(b))	**(39)**	-
Net realised gains on disposal of financial assets at fair value through profit or loss	**762**	1,527
	283,865	1,888

8 Employee benefit expense (including directors' emoluments)

	Group	
	2011	2010
	HK$'000	HK$'000
Wages, salaries and bonuses	**169,668**	77,970
Pension costs - defined contribution plans (Note (i))	**23,945**	6,759
Share-based compensation (Note 31)	**52,110**	32,005
	245,723	116,734
Less: Employee benefit expense capitalised (Note (ii))	**(55,487)**	(15,458)
	190,236	101,276

8 Employee benefit expense (including directors' emoluments) *(Continued)*

Notes:

(i) As at 31 December 2011, the Group had no significant forfeited contributions available to reduce its contributions to the pension scheme in future years (2010: Same).

(ii) For the year ended 31 December 2011, employee benefit expense of HK$11,957,000 (2010: HK$9,846,000) has been recognised as unrealised profits or losses on transactions between the Group and its JCEs under interests in JCEs (Note 20). In addition, employee benefit expense of HK$43,530,000 (2010: HK$5,612,000) have been capitalised as construction in progress under property, plant and equipment (Note 15), work in progress under inventories (Note 21) and amounts due from/(to) customers for contract work (Note 26), respectively, as at 31 December 2011.

(a) Directors' emoluments

Details of directors' emoluments are set out below:

	Group For the year ended 31 December 2011				
	Fees HK$'000	**Basic salaries, bonuses, allowances and benefits HK$'000**	**Employer's contribution to pension schemes HK$'000**	**Share-based compensation (Note (ii)) HK$'000**	**Total HK$'000**
Chairman					
Liu Shunxing	-	3,010	-	4,307	**7,317**
Executive directors					
Ko Chun Shun, Johnson	-	1,438	12	169	**1,619**
Wang Xun	-	2,040	-	2,882	**4,922**
Yang Zhifeng	-	2,132	-	2,882	**5,014**
Liu Jianhong	-	2,168	-	2,882	**5,050**
Yu Weizhou	-	1,620	-	2,747	**4,367**
Zhou Zhizhong (Note (i))	-	897	-	1,304	**2,201**
Ko Wing Yan, Samantha	-	1,278	12	1,119	**2,409**
Chan Kam Kwan, Jason	-	325	12	360	**697**
Non-executive director					
Tsoi Tong Hoo, Tony	144	-	-	346	**490**
Independent non-executive directors					
Yap Fat Suan, Henry	144	-	-	277	**421**
Wong Yau Kar, David, JP	144	-	-	277	**421**
Zhou Dadi	144	-	-	301	**445**
	576	**14,908**	**36**	**19,853**	**35,373**

8 Employee benefit expense (including directors' emoluments) *(Continued)*

(a) Directors' emoluments *(Continued)*

	Group				
	For the year ended 31 December 2010				
	Fees HK$'000	Basic salaries, allowances, bonuses, and benefits HK$'000	Employer's contribution to pension schemes HK$'000	Share-based compensation (Note (ii)) HK$'000	Total 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

Notes:

(i) Mr. Zhou Zhizhong is appointed as an executive director on 28 June 2011.

(ii) 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 those emoluments presented above, no other fees or emoluments were paid to the independent non-executive directors during the year (2010: Same).

For the year ended 31 December 2011, 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 (2010: Same).

Details of share options granted to directors are set out in Note 31 to the consolidated financial statements.

8 Employee benefit expense (including directors' emoluments) *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2010: five) directors whose emoluments are reflected in the analysis above.

9 Finance costs

	Group	
	2011	2010
	HK$'000	HK$'000
Interest expenses:		
- Bank borrowings, wholly repayable within five years	**16,728**	12,334
- Guaranteed bond, wholly repayable within five years	**48,171**	-
- Other loans, not wholly repayable within five years	**28,612**	1,555
Others	**-**	20
	93,511	13,909
Less: Interest capitalised (Note)	**(28,612)**	(9,444)
	64,899	4,465

Note: For the year ended 31 December 2011, borrowing costs have been capitalised at various applicable rates ranging from 4.58% to 7.74% (2010: 4.39% to 7.74%) per annum for qualifying assets classified as construction in progress under property, plant and equipment (Note 15).

10 Profit before income tax

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

	Group 2011 HK$'000	Group 2010 HK$'000
Cost of construction	**235,046**	306,168
Cost of inventories sold	**333,496**	407,551
Auditor's remuneration	**3,196**	2,550
Depreciation of property, plant and equipment (Note 15)	**13,378**	9,430
Amortisation of prepaid operating lease payment (Note 16)	**1,234**	74
Amortisation of other intangible asset (Note 17)	**117**	129
Exchange (gains)/losses, net	**(1,020)**	1,671
Exchange gain on partial repayments of shareholders' loans	**(20,903)**	(14,635)
Business taxes and other levies	**24,942**	21,697
Professional fee	**13,110**	6,394
Travelling expenses	**9,967**	5,102

11 Income tax expense

	Group 2011 HK$'000	Group 2010 HK$'000
Current tax		
- PRC corporate income tax	**94,778**	104,371
- Withholding tax	**44,640**	19,204
- Under-provision of tax in prior years	**958**	2,073
	140,376	125,648
Deferred tax (Note 33)	**(8,295)**	(3,864)
	132,081	121,784

PRC corporate income tax is provided for at the rate of 25% (2010: 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:

	Group	
	2011	2010
	HK$'000	HK$'000
Profit before income tax	**504,290**	549,007
Tax calculated at domestic tax rates applicable to profits in the respective locations (Note)	**118,315**	127,434
Effects of tax holiday on assessable profits of subsidiaries incorporated in the PRC	**(36,637)**	(50,617)
Income not subject to tax	**(48,511)**	(44,124)
Expenses not deductible for tax purposes	**19,049**	8,598
Tax losses for which no deferred tax asset was recognised	**4,405**	3,946
Utilisation of previously unrecognised tax losses	**(84)**	-
Effect on deferred tax assets resulting from unrealised gains on transactions between the Group and its associates and JCEs	**29,946**	55,270
Recognition of withholding tax in current year	**44,640**	19,204
Under-provision of tax in prior years	**958**	2,073
	132,081	121,784

Note: The weighted average applicable tax rate for the year was 23.46% (2010: 23.21%). 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 attributable to equity holders of the Company

The loss attributable to equity holders of the Company for the year ended 31 December 2011 is dealt with in the financial statements of the Company to the extent of HK$84,680,000 (2010: HK$75,666,000).

13 Earnings per share

(a) Basic

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

	2011	2010
Profit attributable to equity holders of the Company (HK$'000)	**372,209**	427,223
Weighted average number of ordinary shares in issue (thousands)	**7,394,195**	7,308,492
Basic earnings per share attributable to equity holders of the Company (HK cents per share)	**5.03**	5.85

(b) Diluted

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

The Company has one category of 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 with the number of shares that would have been issued assuming the exercise of the share options.

	2011	2010
Profit used to determine diluted earnings per share (HK$'000)	**372,209**	427,223
Weighted average number of ordinary shares in issue (thousands)	**7,394,195**	7,308,492
Adjustment for :		
- effect of dilutive potential shares issuable under the Company's share option scheme (thousands)	**50,069**	78,745
Weighted average number of ordinary shares used to determine diluted earnings per share (thousands)	**7,444,264**	7,387,237
Diluted earnings per share attributable to equity holders of the Company (HK cents per share)	**5.00**	5.78

14 Dividend

The Board recommends to declare a final dividend of HK1.0 cent (2010: Nil) per ordinary share in respect of the year ended 31 December 2011, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. Based on the number of issued ordinary shares as of the date of approving these consolidated financial statements, the proposed final dividend amounting to HK$73,936,000. These consolidated financial statements have not reflected this dividend payable as at 31 December 2011.

15 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 2011	148,895	5,614	91,981	30,494	1,329,249	**1,606,233**
Additions	15,436	21,207	24,837	24,257	2,212,262	**2,297,999**
Disposals	-	-	(3,670)	(1,674)	-	**(5,344)**
Transfer from construction in progress	60,192	-	28,753	-	(88,945)	**-**
Loss of control over subsidiaries	-	-	(2,149)	(7,939)	(2,638,072)	**(2,648,160)**
Exchange differences	8,994	729	5,612	1,870	67,072	**84,277**
As at 31 December 2011	**233,517**	**27,550**	**145,364**	**47,008**	**881,566**	**1,335,005**
Accumulated depreciation						
As at 1 January 2011	2,750	4,228	6,356	7,465	-	**20,799**
Charge during the year	7,159	3,957	9,872	7,076	-	**28,064**
Disposals	-	-	(571)	(483)	-	**(1,054)**
Loss of control over subsidiaries	-	-	(240)	(1,104)	-	**(1,344)**
Exchange differences	289	294	507	489	-	**1,579**
As at 31 December 2011	**10,198**	**8,479**	**15,924**	**13,443**	**-**	**48,044**
Net book value						
As at 31 December 2011	**223,319**	**19,071**	**129,440**	**33,565**	**881,566**	**1,286,961**

15 Property, plant and equipment - Group and Company *(Continued)*

Group *(Continued)*

	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 of 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 of 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

For the year ended 31 December 2011, depreciation of HK$13,378,000 (2010: HK$9,430,000) has been charged in 'depreciation and amortisation' in the consolidated income statement and depreciation of HK$2,602,000 (2010: HK$728,000) has been recognised as unrealised profits or losses on transactions between the Group and its JCEs under interests in JCEs (Note 20). In addition, depreciation of HK$12,084,000 (2010: HK$362,000) has been capitalised as construction in progress under property, plant and equipment, work in progress under inventories (Note 21) and amounts due from/(to) customers for contract work (Note 26), respectively, as at 31 December 2011.

As at 31 December 2011, bank borrowings are secured on buildings and equipments for the net book value of HK$120,167,000 (2010: HK$73,209,000) and HK$9,530,000 (2010: HK$9,726,000) (Note 29), respectively. As at 31 December 2010, other loans are secured on construction in progress with cost of HK$1,214,815,000 (Note 29).

15 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 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
Cost			
As at 1 January 2011	1,287	26	1,313
Exchange differences	64	2	66
As at 31 December 2011	**1,351**	**28**	**1,379**
Accumulated depreciation			
As at 1 January 2011	1,287	18	1,305
Charge during the year	-	6	6
Exchange differences	64	1	65
As at 31 December 2011	**1,351**	**25**	**1,376**
Net book value			
As at 31 December 2011	**-**	**3**	**3**

16 Leasehold lands and land use rights

	Group HK$'000
Net book amount as at 1 January 2010	209
Additions	121,871
Amortisation of prepaid operating lease payment	(432)
Exchange differences	(3)
Net book amount as at 31 December 2010	**121,645**
Additions	39,647
Amortisation of prepaid operating lease payment	(4,162)
Loss of control over subsidiaries	(8,984)
Exchange differences	6,564
Net book amount as at 31 December 2011	**154,710**

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

	Group	
	2011 HK$'000	2010 HK$'000
Outside Hong Kong held on:		
Leases of between 10 to 50 years	**154,710**	121,645

For the year ended 31 December 2011, amortisation of HK$1,234,000 (2010: HK$74,000) has been charged in 'depreciation and amortisation' in the consolidated income statement and amortisation of HK$735,000 (2010: Nil) has been recognised as unrealised profits or losses on transactions between the Group and its JCEs under interests in JCEs (Note 20). In addition, amortisation of HK$2,193,000 (2010: HK$358,000) has been capitalised as construction in progress under property, plant and equipment (Note 15) and work in progress under inventories (Note 21), respectively, as at 31 December 2011.

As at 31 December 2011, bank borrowings are secured on leasehold lands and land use rights for the net book amount of HK$132,067,000 (Note 29). As at 31 December 2010, bank borrowings and other loans are secured on leasehold lands and land use rights for the net book amount of HK$117,276,000 (Note 29).

17 Intangible assets

	Group		
	Goodwill HK$'000	Other intangible asset HK$'000	Total HK$'000
Net book amount as at 1 January 2010	1,218,711	2,024	1,220,735
Amortisation	-	(129)	(129)
Exchange differences	42,321	68	42,389
Net book amount as at 31 December 2010	**1,261,032**	**1,963**	**1,262,995**
Amortisation	-	(117)	(117)
Loss of control over subsidiaries	(660)	-	(660)
Exchange differences	62,578	95	62,673
Net book amount as at 31 December 2011	**1,322,950**	**1,941**	**1,324,891**

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 groups of cash-generating units identified according to the operations, which was substantially allocated to the operation of power plants. Goodwill is monitored at the groups of cash-generating units, a level lower than the operating segments. 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 10.6% (2010: 13.2%). Cash flows beyond the ten-year period are extrapolated using a steady growth rate of 14% (2010:20%). Other key assumptions include projected installation capacity in the coming ten years with annual growth rate of 14% (2010: 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 power business, in particular consultancy and design; engineering and construction; manufacture of equipment; operation and maintenance of power plants; and investment in power plants.

There was no impairment loss recognised during the year ended 31 December 2011 (2010: Same). Had the revenue used in cash flow projections been 10% (2010:10%) lower than management's estimate, no additional impairment loss of goodwill should be recognised by the Group (2010: Same).

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. For the year ended 31 December 2011, amortisation of HK$117,000 (2010: HK$129,000) has been charged in 'depreciation and amortisation' in the consolidated income statement.

18 Interests in subsidiaries

	Company 2011 HK$'000	2010 HK$'000
Non-current assets		
Unlisted shares, at cost (Note (i))	**6,706**	1,230,375
Loans to subsidiaries (Note (ii))	**1,547,509**	1,442,037
	1,554,215	2,672,412
Current assets/(liabilities)		
Amounts due from subsidiaries (Note (iii))	**1,016,561**	170,728
Amounts due to subsidiaries (Note (iii))	**(12,494)**	-

Notes:

(i) As at 31 December 2011, 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	Indirect	Principal activities
CCH Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US$1	100%	-	Investment holding
CCH Energy Investment 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
China Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US$1	-	100%	Investment holding
CWP Construction Ltd.	Hong Kong, limited company	1 ordinary share of HK$1	-	100%	Investment holding
CWP Energy Ltd.	Hong Kong, limited company	1 ordinary share of HK$1	-	100%	Investment holding
CWP Equipment Manufacture Ltd.	Hong Kong, limited company	1 ordinary share of HK$1	-	100%	Investment holding

18 Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2011, 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
CWP Holdings 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
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 RMB520,000,000	-	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 RMB200,000,000	-	100%	Sales of wind power equipment and new energy equipment
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

18 Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2011, 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
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 operating and maintenance
Jiangsu Huize Power Engineering Co., Ltd. 江蘇匯澤電力工程有限公司	The PRC, limited company	Registered capital of RMB20,000,000	-	100%	Power plant facilities construction
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%	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
Haian Century Concord Wind Power Co., Ltd. 海安協合風力發電有限公司	The PRC, limited company	Registered capital of RMB17,000,000	-	100%	Wind power plant investment and operation
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

18 Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2011, 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 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
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%	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
Suqian Century Concord New Energy Co., Ltd. 宿遷協合新能源有限公司	The PRC, limited company	Registered capital of RMB30,000,000	-	100%	Solar power plant investment and operation
Delingha Century Concord Photovoltaic Power Co., Ltd. 德令哈協合光伏發電有限公司	The PRC, limited company	Registered capital of RMB96,000,000	-	100%	Solar power plant investment and operation

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.

18 Interests in subsidiaries *(Continued)*

Notes:

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

(iii) The amounts due from/(to) subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from/(to) subsidiaries approximate their fair values and approximately 78% (2010: Nil) and 22% (2010: 100%) of the total carrying amounts are denominated in RMB and HK$, respectively.

19 Interests in associates

	Group	
	2011	2010
	HK$'000	HK$'000
Non-current assets		
Share of net assets of associates (Note (i))	**142,924**	135,919
Current assets/(liabilities)		
Amounts due from associates (Note (ii))	**6,199**	14,368
Amounts due to associates (Note (iii))	**(24,385)**	-

Notes:

(i) As at 31 December 2011, 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

19 Interests in associates *(Continued)*

Notes:

(i) As at 31 December 2011, particulars of the principal associates are as follows: *(Continued)*

Name of associates	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of registered capital	Interest held indirectly	Principal activities
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

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 represent trade receivables from associates of HK$5,039,000 (2010: HK$11,136,000). Trade receivables from associates with ageing by invoice date less than three months are not considered impaired. As at 31 December 2011, trade receivables of HK$349,000 (2010: HK$1,202,000) were fully performing. As at 31 December 2011, trade receivables of HK$4,690,000 (2010: HK$9,934,000) were past due but not impaired. These relate to a number of associates for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

Other balances due from associates 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 and are denominated in RMB.

19 Interests in associates *(Continued)*

Notes:

(iii) Amounts due to associates include the trade deposits received from associates of HK$269,000 (2010: Nil).

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

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

	2011	2010
	HK$'000	HK$'000
Total assets	**897,140**	781,027
Total liabilities	**(143,229)**	(182,975)
Net assets	**753,911**	598,052
Revenue	**63,909**	76,287
Expenses	**(58,503)**	(58,730)
Profit for the year	**5,406**	17,557

20 Interests in jointly controlled entities - Group and Company

	Group	
	2011	2010
	HK$'000	HK$'000
Non-current assets		
Share of net assets of JCEs (Notes (i) and (vi))	**1,831,182**	916,556
Loan to a JCE (Note (ii))	**49,448**	-
	1,880,630	916,556
Current assets/(liabilities)		
Amounts due from JCEs (Note (iii))	**500,096**	338,282
Amounts due from JCEs for contract work (Notes (iv) and 26)	**77,651**	1,700
Amounts due to JCEs (Note (v))	**(276,696)**	(31,690)

	Company	
	2011	2010
	HK$'000	HK$'000
Current assets		
Amount due from a JCE (Note (iii))	**865**	625

20 Interests in jointly controlled entities - Group and Company *(Continued)*

Notes:

(i) As at 31 December 2011, 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
Taipusiqi Union Wind Power Co., Ltd. 太仆寺旗聯合風力發電有限公司	The PRC, limited company	RMB89,000,000	51%	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

20 Interests in jointly controlled entities - Group and Company *(Continued)*

Notes:

(i) As at 31 December 2011, 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	RMB432,200,000	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 Kailu Wind Power Co., Ltd. 蒙東協合開魯風力發電有限公司	The PRC, limited company	RMB86,000,000	49%	50%	Wind power plant investment and operation
Mengdong Century Concord Kezuohouqihuadeng Wind Power Co., Ltd. 蒙東協合科左後旗花燈風力發電有限公司	The PRC, limited company	RMB76,700,000	49%	50%	Wind power plant investment and operation

20 Interests in jointly controlled entities - Group and Company *(Continued)*

Notes:

(i) As at 31 December 2011, 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
Mengdong Century Concord Zhaluteqibaiyinchagan Wind Power Co., Ltd. 蒙東協合扎魯特旗白音查幹風力發電有限公司	The PRC, limited company	RMB74,200,000	49%	50%	Wind power plant investment and operation
Tianchang Century Concord Wind Power Co., Ltd. 天長協合風力發電有限公司	The PRC, limited company	RMB55,000,000	49%	50%	Wind power plant investment and operation
Chaoyang Century Concord Wanjia Wind Power Co., Ltd. 朝陽協合萬家風力發電有限公司	The PRC, Sino-foreign equity joint venture	RMB162,000,000	55%	50%	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	RMB669,120,000	51.45%	50%	Wind power plant investment and operation
Fuxin Taihe Wind Power Co., Ltd. 阜新泰合風力發電有限公司	The PRC, limited company	RMB300,000,000	51%	50%	Wind power plant investment and operation
Mengdong Century Concord Zhaluteqi Beisala Wind Power Co., Ltd. 蒙東協合扎魯特旗北薩拉風力發電有限公司	The PRC, limited company	RMB3,000,000	49%	50%	Wind power plant investment and operation
Zhenlai Huaxing Wind Power Co., Ltd. 鎮賚華興風力發電有限公司	The PRC, limited company	RMB10,000,000	49%	50%	Wind power plant investment and operation

20 Interests in jointly controlled entities - Group and Company *(Continued)*

Notes:

(i) As at 31 December 2011, 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 powerheld	Principal activities
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
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, limited company	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

Note (a): Other loans are secured by the entire issued share capital of Gansu Guazhou Century Concord Wind Power Co., Ltd. (Note 29) as at 31 December 2010.

(ii) Loan to a JCE, Gansu Guazhou Century Concord Wind Power Co., Ltd., is unsecured, interest bearing at 5.3% per annum and repayable on 15 July 2022. The carrying amount of the loan to a JCE approximates its fair value and is denominated in US$. The effective interest rate on the loan to a JCE was 4.12%.

20 Interests in jointly controlled entities - Group and Company *(Continued)*

Notes:

(iii) Amounts due from JCEs mainly represent trade receivables from JCEs of HK$281,672,000 (2010: HK$210,400,000). Trade receivables from JCEs with ageing by invoice date less than three months are not considered impaired. As at 31 December 2011, trade receivables of HK$188,530,000 (2010: HK$115,642,000) were fully performing. As at 31 December 2011, trade receivables of HK$93,142,000 (2010: HK$94,758,000) were past due but not impaired. These relate to a number of JCEs for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

Other balances due from 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 and approximately 93% (2010: 99%) and 7% (2010: 1%) of the total carrying amounts of the Group are denominated in RMB and US$, respectively, while the carrying amount of the Company is denominated in HK$ (2010: Same).

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

(v) Amounts due to JCEs mainly represent the trade deposits received from JCEs of HK$202,615,000 (2010: HK$19,978,000).

Other balances due to JCEs are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to JCEs approximate their fair value and majority of the carrying amounts are denominated in RMB.

(vi) 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 2011, 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.

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

	2011 HK$'000	2010 HK$'000
Assets:		
Non-current assets	**10,751,124**	5,413,250
Current assets	**2,767,308**	1,335,884
	13,518,432	6,749,134
Liabilities:		
Non-current liabilities	**(6,315,442)**	(2,792,709)
Current liabilities	**(2,779,091)**	(1,600,719)
	(9,094,533)	(4,393,428)
Net assets	**4,423,899**	2,355,706

20 Interests in jointly controlled entities - Group and Company *(Continued)*

	2011 HK$'000	2010 HK$'000
Capital commitments	**2,042,615**	1,715,746
Revenue	**930,114**	607,092
Expenses	**(685,814)**	(334,370)
Profit for the year	**244,300**	272,722

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 37. The Group's capital commitments in relation to its interests in JCEs are disclosed in Note 38(b).

21 Inventories

	Group	
	2011 HK$'000	2010 HK$'000
Raw materials	**68**	527
Work in progress	**131,666**	43,898
Finished goods	**176,714**	-
	308,448	44,425

The cost of inventories recognised as expense and included in the consolidated income statement amounted to HK$383,516,000 (2010: HK$423,585,000). The directors are of the opinion that the inventories are stated at the lower of cost and net realisable value as at 31 December 2011 (2010: Same).

22 Financial instruments by category - Group and Company

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

	Group	
	2011 HK$'000	2010 HK$'000
Assets as per balance sheet		
Loans and receivables		
Trade receivables (Note 23)	**499,761**	108,936
Deposits and other receivables (Note 24)	**123,189**	108,879
Amounts due from associates (Note 19)	**6,199**	14,368
Amounts due from JCEs (Note 20)	**500,096**	338,282
Loan to a JCE (Note 20)	**49,448**	-
Cash and cash equivalents (Note 25)	**1,063,541**	732,544
Liabilities as per balance sheet		
Other financial liabilities at amortised cost		
Trade and bill payables (Note 27)	**843,588**	203,250
Other payables and accruals (Note 28)	**568,997**	92,838
Amounts due to associates (Note 19)	**24,116**	-
Amounts due to JCEs (Note 20)	**74,081**	11,712
Borrowings (Note 29)	**1,131,016**	1,049,332

22 Financial instruments by category - Group and Company *(Continued)*

	Company	
	2011	2010
	HK$'000	HK$'000
Assets as per balance sheet		
Loans and receivables		
Amounts due from subsidiaries (Note 18)	**1,061,561**	170,728
Amount due from a JCE (Note 20)	**865**	625
Deposits (Note 24)	**669**	669
Cash and cash equivalents (Note 25)	**27,598**	6,564

	Company	
Liabilities as per balance sheet		
Other financial liabilities at amortised cost		
Amounts due to subsidiaries (Note 18)	**12,494**	-
Other payables and accruals (Note 28)	**18,783**	5,879
Borrowings (Note 29)	**909,428**	-

23 Trade receivables

As at 31 December 2011, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within 3 months	**430,387**	71,224
3 to 6 months	**27,676**	-
6 to 12 months	**7,244**	37,712
Over 12 months	**34,454**	-
	499,761	108,936

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 with ageing by invoice date less than three months are not considered impaired. As at 31 December 2011, trade receivables of HK$430,387,000 (2010: HK$71,224,000) were fully performing. As at 31 December 2011, trade receivables of HK$69,374,000 (2010: HK$37,712,000) were past due but not impaired. These relate to a number of independent customers for whom there is no financial difficulty and based on past experience, the overdue amounts can be recovered.

There were no movements on the provision for impairment of trade receivables for the year ended 31 December 2011 (2010: Same).

Included in trade receivables as at 31 December 2011, there were HK$18,356,000 (2010: HK$11,635,000) and HK$52,470,000 (2010: HK$42,148,000) retention money held in respect of construction revenue and equipment sales, respectively, in which retention money of HK$23,650,000 (2010: Nil) were aged over 12 months but not impaired.

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

24 Prepayments, deposits and other receivables - Group and Company

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Prepayments	**105,645**	22,160	**4,671**	2,155
Deposits	**669**	669	**669**	669
Other receivables	**122,520**	108,210	**-**	-
Amounts due from customers for contract work (Note 26)	**22**	8,219	**-**	-
	228,856	139,258	**5,340**	2,824

The carrying amounts of the Group's and the Company's prepayments, deposits and other receivables approximate their fair values. Approximately 88% (2010: 84%), 1% (2010: 0%) and 11% (2010: 16%) of the total carrying amounts of the Group are denominated in RMB, US$ and HK$, respectively, while approximately 13% (2010: Nil), 47% (2010: 76%) and 40% (2010: 24%) of the total carrying amounts of the Company are denominated in RMB, US$ and HK$, respectively.

25 Cash and cash equivalents - Group and Company

	Group		Company	
	2011 **HK$'000**	2010 HK$'000	**2011** **HK$'000**	2010 HK$'000
Cash at banks and in hand	**1,063,541**	732,544	**27,598**	6,564
Maximum exposure to credit risk	**1,063,375**	732,472	**27,598**	6,564
Denominated in:				
- HK$	**43,587**	34,642	**10,416**	4,649
- RMB	**1,017,556**	351,951	**17,147**	-
- US$	**2,067**	345,951	**35**	1,915
- Canadian dollars	**331**	-	**-**	-
	1,063,541	732,544	**27,598**	6,564

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 2011, the weighted effective interest rate on the Group's and the Company's bank balances are 0.38% (2010: 0.49%) and 0.01% (2010: 0.01%), respectively.

26 Construction contracts

	Group	
	2011	2010
	HK$'000	HK$'000
The aggregate costs incurred and recognised profits to date	**2,135,142**	1,163,872
Less: Progress billings	**(2,183,100)**	(1,216,103)
Net balance sheet position for ongoing construction contracts	**(47,958)**	(52,231)

Analysis:

	Group	
	2011	2010
	HK$'000	HK$'000
Amounts due from customers for contract work		
- JCEs (Note 20)	**77,651**	1,700
- third parties (Note 24)	**22**	8,219
Amounts due to customers for contract work (Note 28)	**(125,631)**	(62,150)
	(47,958)	(52,231)

Included in trade receivables (Note 23), amounts due from associates (Note 19) and amounts due from JCEs (Note 20) as at 31 December 2011, there were HK$18,356,000 (2010: HK$11,635,000), HK$4,531,000 (2010: HK$4,316,000) and HK$62,819,000 (2010: HK$76,458,000) retention money held in respect of construction in progress, respectively.

Included in other payables and accruals (Note 28) and amounts due to JCEs (Note 20) as at 31 December 2011, there were approximately HK$1,595,000 (2010: Nil) and HK$35,245,000 (2010: HK$19,978,000) representing advance received from customers in respect of construction in progress, respectively.

27 Trade and bill payables

	Group	
	2011	2010
	HK$'000	HK$'000
Trade payables	**839,887**	190,605
Bill payables	**3,701**	12,645
	843,588	203,250

27 Trade and bill payables *(Continued)*

As at 31 December 2011, the ageing analysis of the trade payables, based on invoice date, was as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within 3 months	**745,378**	140,085
3 to 6 months	**26,690**	31,342
6 to 12 months	**17,909**	18,864
Over 12 months	**49,910**	314
	839,887	190,605

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

28 Other payables and accruals - Group and Company

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Payables for construction in progress	**431,649**	48,278	**-**	-
Other payables and accruals	**137,348**	44,560	**18,783**	5,879
Receipt in advance	**1,595**	3,350	**-**	-
Amounts due to customers for contract work (Note 26)	**125,631**	62,150	**-**	-
	696,223	158,338	**18,783**	5,879

The carrying amounts of the Group's and the Company's other payables and accruals approximate their fair values. Approximately 99% (2010: 97%) and 1% (2010: 3%) of the total carrying amounts of the Group are denominated in RMB and HK$, respectively, while 73% (2010: 11%) and 27% (2010: 89%) of the total carrying amounts of the Company are denominated in RMB and HK$, respectively.

29 Borrowings - Group and Company

	Group	
	2011 HK$'000	2010 HK$'000
Non-current liabilities		
Bank borrowings (Note (i))	**64,718**	72,460
Guaranteed bond (Note (ii))	**925,126**	-
Other loans (Note (iii))	**-**	774,830
Total principal amount	**989,844**	847,290
Unamortised loan facilities fees relating to guaranteed bond	**(15,698)**	-
Unamortised loan facilities fees relating to other loans	**-**	(45,233)
	974,146	802,057
Current liabilities		
Bank borrowings (Note (i))	**156,890**	247,275
Total principal amount	**156,890**	247,275
Total borrowings	**1,131,036**	1,049,332

	Company	
	2011 HK$'000	2010 HK$'000
Non-current liabilities		
Guaranteed bond (Note (ii))	**925,126**	-
Total principal amount	**925,126**	-
Unamortised loan facilities fees relating to guaranteed bond	**(15,698)**	-
Total borrowings	**909,428**	-

Notes:

(i) The carrying amounts of the floating rate bank borrowings are denominated in RMB and are secured by the corporate guarantee of the Company, the buildings and equipments under property, plant and equipment and the leasehold land and land use rights of the Group.

(ii) The Company issued RMB750,000,000 6.375% guaranteed bond on 5 April 2011 listing on the Singapore Exchange Securities Trading Limited with maturity of 3 years. The interest is payable semi-annually in arrears on 4 April and 4 October in each year. The carrying amount of the fixed rate guaranteed bond is denominated in RMB.

(iii) 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 Agreements, the other loans were secured by the corporate guarantee of the Company, 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.

29 Borrowings - Group and Company *(Continued)*

Borrowings at principal amount were repayable as follows:

	Bank borrowings		Guaranteed bond		Other loans		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Within 1 year	**156,890**	247,275	**-**	-	**-**	-	**156,890**	247,275
Between 1 and 2 years	**64,718**	20,517	**-**	-	**-**	81,061	**64,718**	101,578
Between 2 and 5 years	**-**	51,943	**925,126**	-	**-**	243,182	**925,126**	295,125
Over 5 years	**-**	-	**-**	-	**-**	450,587	**-**	450,587
	221,608	319,735	**925,126**	-	**-**	774,830	**1,146,734**	1,094,565

	Bank borrowings		Guaranteed bond		Other loans		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Wholly repayable within 5 years	**221,608**	319,735	**925,126**	-	**-**	-	**1,146,734**	319,735
Wholly repayable after 5 years	**-**	-	**-**	-	**-**	774,830	**-**	774,830
	221,608	319,735	**925,126**	-	**-**	774,830	**1,146,734**	1,094,565

29 Borrowings - Group and Company *(Continued)*

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

	2011	2010
	HK$'000	HK$'000
6 months or less	**221,608**	40,548
6 to 12 months	**-**	206,727
1 to 5 years	**-**	72,460
Over 5 years	**-**	81,061
	221,608	400,796

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

	Carrying amount		**Fair value**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank borrowings	**64,718**	72,460	**64,718**	72,460
Guaranteed bond	**909,428**	-	**925,126**	-
Other loans	**-**	729,597	**-**	774,830
	974,146	802,057	**989,844**	847,290

The fair values of the non-current borrowings are 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, as the impact of discounting is not significant.

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

	2011	2010
Bank borrowings	**7.11%**	5.61%
Guaranteed bond	**7.13%**	-
Other loans	**-**	7.34%

30 Share capital

	2011 HK$'000	2010 HK$'000
Authorised:		
10,000,000,000 (2010: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
7,393,594,965 (2010: 7,391,509,965) ordinary shares of HK$0.01 each	**73,936**	73,915

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

	No. of shares 000's	Nominal value HK$'000
Authorised:		
As at 31 December 2011 and 2010: 10,000,000,000 ordinary shares of HK$0.01 each	10,000,000	100,000
Issued and fully paid:		
As at 1 January 2010: 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 (i))	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**
Repurchase and cancellation of ordinary shares of HK$0.01 each (Note (ii))	(6,960)	(70)
Issues of ordinary shares of HK$0.01 each on exercise of share options	9,045	91
As at 31 December 2011: 7,393,594,965 ordinary shares of HK$0.01 each	**7,393,595**	**73,936**

30 Share capital *(Continued)*

Notes:

(i) 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.

(ii) On 26 and 27 September 2011, the Company acquired 2,450,000 and 4,510,000 of its own ordinary shares with a par value of HK$0.01 each through purchases on the Hong Kong Stock Exchange at a market price of HK$0.3394 and HK$0.3314 per share, respectively. The total amount paid to acquire these shares was HK$2,333,000 and the excess consideration over the par value has been deducted from 'share premium' in equity. These repurchased ordinary shares had then been cancelled.

31 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:

	2011		2010	
	Average exercise price per share HK$	**Options (thousands)**	Average exercise price per share HK$	Options (thousands)
As at 1 January 2011 and 2010	**0.609**	**264,165**	0.357	158,805
Granted	**0.800**	**200,000**	0.890	130,000
Forfeited	**0.718**	**(19,820)**	0.531	(12,975)
Exercised	**0.366**	**(9,045)**	0.385	(11,665)
As at 31 December 2011 and 2010	**0.697**	**435,300**	0.609	264,165

Out of the 435,300,000 (2010: 264,165,000) outstanding options, 95,679,000 (2010: 27,415,000) options were exercisable at the reporting date.

Options exercised during the year resulted in 9,045,000 (2010: 11,665,000) ordinary shares being issued at a weighted average exercise price of HK$0.37 (2010: HK$0.39) each. The related weighted average share price at the time of exercise was HK$0.70 (2010: HK$0.84) per option.

31 Share option schemes *(Continued)*

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

Name or category of participant	Date of grant of share options	Number of share options outstanding as at 1 January 2011	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 2011	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
	3 January 2011	-	15,000,000	-	-	**15,000,000**	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
	3 January 2011	-	10,000,000	-	-	**10,000,000**	N/A
Yang Zhifeng	1 April 2008	1,800,000	-	(900,000)	-	**900,000**	0.66
	6 April 2009	3,380,000	-	(1,130,000)	-	**2,250,000**	0.66
	4 January 2010	6,600,000	-	-	-	**6,600,000**	N/A
	3 January 2011	-	10,000,000	-	-	**10,000,000**	N/A
Liu Jianhong	1 April 2008	1,800,000	-	(900,000)	-	**900,000**	0.66
	6 April 2009	3,380,000	-	(1,130,000)	-	**2,250,000**	0.66
	4 January 2010	6,600,000	-	-	-	**6,600,000**	N/A
	3 January 2011	-	10,000,000	-	-	**10,000,000**	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
	3 January 2011	-	10,000,000	-	-	**10,000,000**	N/A
Zhou Zhizhong	4 January 2010	6,600,000	-	-	-	**6,600,000**	N/A
	3 January 2011	-	10,000,000	-	-	**10,000,000**	N/A
Ko Wing Yan, Samantha	4 January 2010	3,000,000	-	-	-	**3,000,000**	N/A
	3 January 2011	-	4,000,000	-	-	**4,000,000**	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
	3 January 2011	-	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
	3 January 2011	-	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
	3 January 2011	-	800,000	-	-	**800,000**	N/A
Wong Yau Kar, David, JP	1 April 2008	400,000	-	-	-	**400,000**	N/A
	6 April 2009	600,000	-	-	-	**600,000**	N/A
	4 January 2010	800,000	-	-	-	**800,000**	N/A
	3 January 2011	-	800,000	-	-	**800,000**	N/A
Zhou Dadi	4 January 2010	1,000,000	-	-	-	**1,000,000**	N/A
	3 January 2011	-	1,000,000	-	-	**1,000,000**	N/A
Sub-total		96,660,000	73,400,000	(4,060,000)	-	**166,000,000**	

31 Share option schemes *(Continued)*

Details of the movement in the number of share options are as follows: *(Continued)*

Name or category of participant	Date of grant of share options	Number of share options outstanding as at 1 January 2011	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 2011	Market price per share at exercise date of share options HK$
Sub-total		96,660,000	73,400,000	(4,060,000)	-	**166,000,000**	
Other employees							
In aggregate	1 April 2008	35,150,000	-	(2,110,000)	(1,780,000)	**31,260,000**	0.74
	6 April 2009	57,375,000	-	(2,875,000)	(3,040,000)	**51,460,000**	0.73
	4 January 2010	74,980,000	-	-	(5,660,000)	**69,320,000**	N/A
	3 January 2011	-	126,600,000	-	(9,340,000)	**117,260,000**	N/A
Total		**264,165,000**	**200,000,000**	**(9,045,000)**	**(19,820,000)**	**435,300,000**	

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$52,982,000 (2010: HK$32,411,000) for the year ended 31 December 2011 in relation to share options granted by the Company. Also, the Group reversed the total expense which provided in previous years of HK$872,000 (2010: HK$406,000) for the year ended 31 December 2011 in relation to the forfeiture of share options.

Details of share options outstanding at the end of the year are set out belows:

Grant date	Exercise period	Exercise price HK$	Market price per share on date of grant of options HK$	Share option granted (thousands)	Share options outstanding (thousands) 31 December 2011	31 December 2010
1 April 2008	1 April 2009 to 31 March 2013	0.45	0.435	60,080	**44,860**	50,550
6 April 2009	6 April 2010 to 5 April 2014	0.302	0.295	100,000	**80,060**	88,235
4 January 2010	4 January 2011 to 3 January 2015	0.89	0.89	130,000	**119,720**	125,380
3 January 2011	3 January 2012 to 2 January 2016	0.80	0.80	200,000	**190,660**	-
				490,080	**435,300**	264,165

31 Share option schemes *(Continued)*

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$0.3433 to HK$0.3877 (2010: HK$0.3328 to HK$0.4320). The significant inputs into the model were the share price at the grant date of HK$0.80 (2010: HK$0.89) per option, exercise price of HK$0.80 (2010: HK$0.89), volatility of 63% (2010: 67%), expected option life of 5 years (2010: 5 years), dividend yield of 1.5% (2010: 2.5%) and annual risk-free interest rate of 1.368% (2010: 2.022%). Expected volatility is assumed to be based on historical volatility of the comparable companies.

32 Reserves

The details of movements in the Group's reserves are set out in the consolidated statement of changes in equity on page 42.

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

	Share premium	Contributed surplus (Note (i))	Exchange reserve	Other reserves	Accumulated losses (Note (ii))	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2010	**2,895,213**	**78,810**	**-**	**13,230**	**(305,110)**	**2,682,143**
Subscription of new ordinary shares	76,689	-	-	-	-	76,689
Exercise of share options	5,852	-	-	(1,474)	-	4,378
Share-based compensation	-	-	-	32,005	-	32,005
Currency translation differences	-	-	53,818	-	-	53,818
Loss for the year	-	-	-	-	(75,666)	(75,666)
Balance at 31 December 2010	**2,977,754**	**78,810**	**53,818**	**43,761**	**(380,776)**	**2,773,367**
Repurchase and cancellation of ordinary shares (Note 30 (ii))	(2,263)	-	-	-	-	(2,263)
Cancellation of share premium (Note (iii))	(2,977,754)	2,596,978	-	-	380,776	-
Exercise of share options	4,604	-	-	(1,385)	-	3,219
Share-based compensation	-	-	-	52,110	-	52,110
Currency translation differences	-	-	178,379	-	-	178,379
Changes in ownership interests in subsidiaries without change of control (Note (iv))	-	-	-	-	(1,330,191)	(1,330,191)
Loss for the year	-	-	-	-	(84,680)	(84,680)
Balance at 31 December 2011	**2,341**	**2,675,788**	**232,197**	**94,486**	**(1,414,871)**	**1,589,941**

32 Reserves *(Continued)*

Notes:

(i) The Company's contributed surplus brought forward 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.

(ii) PRC companies are required to allocate 10% of the companies' net profit to the statutory reserves fund until such fund reaches 50% of the companies' registered capital. The statutory reserves fund can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that such fund is maintained at a minimum of 25% of the companies' registered capital. As at 31 December 2011, retained earnings of the Group comprised statutory reserves fund amounting to HK$49,457,000 (2010: HK$9,777,000).

(iii) Pursuant to the Companies Act 1981 of Bermuda and with effect from the date of passing of the special resolution on 10 November 2011, the entire amount standing to the credit of the share premium account of the Company as at 31 December 2010 of approximately HK$2,977,754,000 was cancelled, with part of the credit arising therefrom being applied towards the elimination of the entire accumulated losses of approximately HK$380,776,000 of the Company as at 31 December 2010 and the remaining balance of approximately HK$2,596,978,000 being credited to the contributed surplus account of the Company.

(iv) On 7 November 2011, the Company entered into a sale and purchase agreement with CCH Investment Ltd., one of the Group's subsidiaries, pursuant to which the Company disposed of its entire interest in China Wind Power Holdings Ltd., for a consideration of US$1. As a result of the transaction, China Wind Power Holdings Ltd. became a subsidiary held by the Company indirectly. A loss on disposal of the subsidiary of HK$1,330,191,000 was recognised directly into equity under 'accumulated losses'.

33 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 and liabilities during the year is as follows:

Deferred tax assets

	Group					
	Unrealised gains		**Investment tax credits**		**Total**	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Balance brought forward	**23,182**	16,590	**-**	-	**23,182**	16,590
Credited to the consolidated income statement	**4,232**	5,894	**4,392**	-	**8,624**	5,894
Loss of control over subsidiaries	**(6,183)**	-	**-**	-	**(6,183)**	-
Exchange differences	**1,109**	698	**93**	-	**1,202**	698
Balance carried forward	**22,340**	23,182	**4,485**	-	**26,825**	23,182

During the year, the Group has recognised deferred tax assets for unrealised gains on transactions between subsidiaries of the Group and investment tax credits on government grant.

33 Deferred tax *(Continued)*

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. The deferred tax assets recognised relate to investment tax credits arising from tax benefits received only for investment in specific assets. The credit to the consolidated income statement represents originating temporary differences arising from government grant recognition while the charge to the consolidated income statement represents the reversal of temporary differences as a result of the amortisation of deferred government grant.

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$111,039,000 (2010: HK$68,210,000), 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.

Deferred tax liabilities

	Group	
	Unremitted earnings	
	2011	2010
	HK$'000	HK$'000
Balance brought forward	**2,072**	-
Debited to the consolidated income statement	**329**	2,030
Exchange differences	**110**	42
Balance carried forward	**2,511**	2,072

The deferred tax liabilities recognised relate to temporary differences arising from the unremitted earnings of JCEs. As at 31 December 2011, deferred tax liabilities of HK$78,449,000 (2010: HK$52,945,000) 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.

34 Deferred government grant

Government grants are received from the PRC government by the Group as financial subsidies for investments in the PRC. Government grants are recognised as income over the expected useful life of the relevant properties of 20 years.

The movement in deferred government grant during the year is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Balance brought forward	**-**	-
Government grant received in the year	**18,118**	-
Amortisation of deferred government grant	**(570)**	-
Exchange difference	**373**	-
Balance carried forward	**17,921**	-

35 Cash generated from operations

	Note	2011 HK$'000	2010 HK$'000
Profit before income tax		**504,290**	549,007
Adjustments for:			
Finance costs	9	**64,899**	4,465
Interest income	6	**(5,680)**	(3,384)
Depreciation of property, plant and equipment	15	**28,064**	10,520
Amortisation of prepaid operating lease payment	16	**4,162**	432
Amortisation of other intangible asset	17	**117**	129
Government grants	6	**(3,617)**	-
Net realised gains on disposal of financial assets at fair value through profit or loss	7	**(762)**	(1,527)
Share-based compensation	8	**52,110**	32,005
Share of results of associates		**(1,391)**	(4,483)
Share of results of JCEs		**(169,646)**	(192,464)
Gain on business or assets contribution to JCEs	7	**(296,693)**	(361)
Loss on disposal of a subsidiary	7	**39**	-
Exchange (gains)/losses, net	10	**(1,020)**	1,671
Exchange gain on partial repayments of shareholders' loans	10	**(20,903)**	(14,635)
Loss on disposal of property, plant and equipment	36(c)	**146**	97
		154,115	381,472
Operating profit before working capital changes:			
(Increase)/decrease in inventories		**(261,818)**	9,609
Increase in trade receivables		**(426,880)**	(58,289)
Increase in prepayments, deposits and other receivables		**(78,975)**	(180,237)
Decrease in amounts due from associates		**8,882**	11,865
Increase in amounts due from JCEs		**(208,793)**	(28,758)
Increase in trade and bill payables		**644,510**	103,487
Increase in other payables and accruals		**92,694**	96,082
Increase in amounts due to associates		**24,385**	-
Increase/(decrease) in amounts due to JCEs		**557,666**	(4,396)
Cash generated from operations		**505,786**	330,835

36 Notes to the consolidated cash flow statement

(a) Businesses or assets contribution to JCEs

During the year of 2010 and 2011, the Group has disposed of its partial equity interests in subsidiaries with investments in wind power projects. Upon the completion of the disposals, these entities had not obtained the approval for the land use rights and licenses to operate the wind farms yet. After the disposals, these entities have become JCEs of the Group. Therefore, these disposals represent the contribution of the Group's assets to the JCEs. Details of the transactions are summarised as follows:

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 Century Concord Wind Power Co., Ltd. ("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. The disposal represents 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.

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 49% and 5% equity interest respectively in Wuchuan County Yihe Wind Power Co., Ltd. ("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. The disposal represents 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.

On 16 December 2011, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Liaoning Energy Investment (Group) Co., Ltd. ("Liaoning Energy"), pursuant to which the Group disposed of a 49% equity interest in Fuxin Taihe Wind Power Co., Ltd. ("Fuxin Taihe"), for a consideration of RMB169,122,400 (equivalent to HK$207,708,000), Century Concord in turn holds 51% of issued share capital of Fuxin Taihe at the completion of the JV-S&P Agreement. As a result of the transaction, Fuxin Taihe ceased to be a subsidiary of the Group and then became a JCE of the Group and Liaoning Energy. The disposal represents the contribution of the Group's assets of HK$180,177,000 to the JCE. A gain on contribution of businesses or assets to the JCE of HK$81,653,000 was recognised in the consolidated income statement.

On 19 December 2011, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with one of the Group's JCE, Mengdong Century Concord New Energy Co., Ltd. ("Mengdong"), pursuant to which the Group disposed of its entire equity interest in Zhenlai Huaxing Wind Power Co., Ltd. ("Zhenlai Huaxing"), for a consideration of RMB10,143,540 (equivalent to HK$12,473,000), in turn holds the entire issued share capital of Zhenlai Huaxing at the completion of the JV-S&P Agreement. As a result, Zhenlai Huaxing became a JCE of the Group. The disposal represents the contribution of the Group's assets of HK$12,297,000 to the JCE. A gain on contribution of businesses or assets to the JCE of HK$90,000 was recognised in the consolidated income statement.

On 21 December 2011, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Mengdong, pursuant to which the Group disposed of its entire equity interest in Tianchang Century Concord Wind Power Co., Ltd. ("Tianchang"), for a consideration of RMB55,784,640 (equivalent to HK$68,615,000), in turn holds the entire issued share capital of Tiachang at the completion of the JV-S&P Agreement. As a result, Tianchang became a JCE of the Group. The disposal represents the contribution of the Group's assets of HK$67,650,000 to the JCE. A gain on contribution of businesses or assets to the JCE of HK$492,000 was recognised in the consolidated income statement.

36 Notes to the consolidated cash flow statement *(Continued)*

(a) Businesses or assets contribution to JCEs *(Continued)*

On 20 May 2011, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Jilin Power Share Co., Ltd. ("Jilin Power") and Jilin CPI Gether New Energy Co., Ltd. ("Jilin CPI") (one of the Group's JCE), pursuant to which the Group disposed of 46% and 5% equity interest in Gansu Guazhou Century Concord Wind Power Co., Ltd. ("Gansu Guazhou"), a wholly-owned subsidiary of the Group incorporated in the PRC, to Jilin Power and Jilin CPI, respectively, for a consideration of RMB446,303,040 (equivalent to HK$537,003,000) and RMB48,511,200 (equivalent to HK$58,370,000), respectively. The Group in turn holds 51.45% of issued share capital of Gansu Guazhou upon the completion date of 28 June 2011. As a result of the transaction, Gansu Guazhou ceased to be a subsidiary of the Group and then become a JCE of the Group and Jilin Power. The disposal represents the contribution of the Group's assets of HK$410,922,000. A gain on contribution of businesses or assets to the JCE of HK$214,458,000 was recognised in the consolidated income statement.

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

	2011	2010
	HK$'000	HK$'000
Property, plant and equipment	**2,646,816**	26,490
Land use right	**8,984**	-
Goodwill	**660**	-
Prepayments and other receivables	**289,987**	81,619
Cash and cash equivalents	**86,869**	13,017
	3,033,316	121,126
Other payables and accruals	**(266,492)**	(1,447)
Borrowings	**(1,514,070)**	-
	(1,780,562)	(1,447)
	1,252,754	119,679

36 Notes to the consolidated cash flow statement *(Continued)*

(a) Businesses or assets contribution to JCEs *(Continued)*

The gain on disposal of businesses or assets contributed to JCEs as at their respective disposal dates were as follows:

	2011 HK$'000	2010 HK$'000
Consideration from joint venture partners	**884,169**	64,708
Proportionate share of aggregated carrying amounts of the Group's net assets effectively disposal and contributed to JCEs	**(671,046)**	(64,347)
	213,123	361
Exchange gain realised from exchange reserve	**33,008**	-
Realised profits or losses on transactions between the Group and JCEs	**50,562**	-
Gain on disposal of businesses or assets contributed to JCEs (Note 7)	**296,693**	361

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

	2011 HK$'000	2010 HK$'000
Consideration from joint venture partners	**884,169**	64,708
Receivables	**(81,088)**	-
Cash and cash equivalents derecognised from the consolidated financial statements	**(86,869)**	(13,017)
	716,212	51,691

36 Notes to the consolidated cash flow statement *(Continued)*

(b) Disposal of a subsidiary

On 31 December 2011, the Group entered into a sale and purchase agreement with an independent party, pursuant to which the Group disposed of its entire equity interest in Great Promise International Ltd. ("Great Promise"), a wholly-owned subsidiary of the Group incorporated in British Virgin Islands, for a consideration of HK$8. As a result of the transaction on 31 December 2011, Great Promise ceased to be a subsidiary of the Group. A loss on disposal of the subsidiary of HK$39,000 was recognised in the consolidated income statement.

The loss on disposal of a subsidiary was as follows:

	HK$'000
Net proceeds from disposal of a subsidiary	-
Carrying amount of net assets disposed of:	
Prepayments and other receivables	39
	39
Loss on disposal of a subsidiary (Note 7)	**39**

(c) Disposal of property, plant and equipment

In the consolidated cash flow statements, net proceeds from disposal of property, plant and equipment comprises:

	2011 **HK$'000**	2010 HK$'000
Net book amount (Note 15)	**4,290**	1,775
Loss on disposal of property, plant and equipment	**(146)**	(97)
Settlement by trade payables	**(3,800)**	-
Net proceeds from disposal of property, plant and equipment	**344**	1,678

37 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 2011, the Group has pledged its share of equity interests of five (2010: five) JCEs, with total value of its share of registered capital held by the Group amounted to HK$341,976,000 (2010: HK$325,808,000) for bank borrowings by the Group's JCEs.

One of the Group's JCEs, Gansu Guazhou Century Concord Wind Power Co., Ltd., had entered into an agreement to borrow a loan with principal amount up to US$140,000,000. As at 31 December 2011, the loan of approximately US$99,556,000 was drawn down by the JCE. Pursuant to the Limited Guarantee Agreement and the Equity Pledge Agreement signed between the Group and the borrower, the Group has provided the corporate guarantee with a pledge of 49% equity interest in the JCE amounted to HK$404,427,000.

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2011.

38 Commitment

Operating lease commitments

As lessee

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

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

	Group	
	2011	2010
	HK$'000	HK$'000
No later than 1 year	**6,591**	7,067
Later than 1 year and no later than 5 years	**1,433**	8,414
	8,024	15,481

Capital commitments

(a) At the reporting date, capital expenditure contracted for but not provided for is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Property, plant and equipment		
No later than 1 year	**18,538**	156,570
Later than 1 year and no later than 5 years	**-**	455,462
	18,538	612,032

38 Commitment *(Continued)*

Capital commitments *(Continued)*

(b) The Group has entered into a number of arrangements to develop power projects in the PRC. As at 31 December 2011, total equity contributions contracted but not provided for were HK$515,905,000 (2010: HK$950,538,000).

Other commitments

As at 31 December 2011, 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., Taipusiqi Century Concord-Shenhua Wind Power Investment Co., Ltd. and Wuchuan County Yihe Wind Power Co., Ltd. as security for bank borrowings by the Group's JCEs.

39 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:

	Group	
	2011	2010
	HK$'000	HK$'000
Sales of goods and services to associates and JCEs (Note (i))	**618,603**	537,683
Loan interest income (Note (ii))	**584**	249
Proceeds received/receivable from a JCE on assets contribution (Note (iii))	**81,088**	-

Notes:

(i) The sales of goods and services were mutually agreed by both parties.

(ii) The loan to a JCE is due on 15 July 2022 and carries interest at 5.3% per annum. The fair value and the effective interest rate of the loan to a JCE are disclosed in Note 20.

(iii) The proceeds received/receivable from a JCE on assets contribution were mutually agreed by the Group and the JCE. Details of these transactions are disclosed in Note 36(a).

(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 nine (2010: eight) of the Executive Directors and five (2010: four) members of Senior Management Group. The total remuneration of the key management personnel is shown below:

	Group	
	2011	2010
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**18,491**	16,631
Share-based compensation	**23,192**	13,715
	41,683	30,346

40 Events after the balance sheet date

On 27 February 2012, the Group entered into a capital injection agreement with Shanghai Electric Power Co., Ltd. ("Shanghai Electric"), pursuant to which the registered share capital of Suqian Century Concord New Energy Co., Ltd. ("Suqian") was increased from RMB30,000,000 to RMB61,230,000 by the way of Shanghai Electric making a cash contribution of RMB31,230,000 into the registered share capital of Suqian. Upon the completion of the transaction on 27 February 2012, Suqian ceased to be a subsidiary of the Group and then become a JCE of the Group and Shanghai Electric. As at 31 December 2011, the carrying amount of Suqian of RMB30,000,000 (equivalent to HK$37,005,000) was included in the operating segment of 'Investment in power plants'.

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

41 Comparative figures

Certain comparative figures in the notes to the consolidated financial statements have been reclassified to conform with the current year's presentation.

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 2011 HK$'000**	For the year ended 31 December 2010 HK$'000	For the nine months ended 31 December 2009 HK$'000	For the year ended 31 March 2009 HK$'000	For the year ended 31 March 2008 HK$'000
Revenue and other income	**1,261,004**	1,245,237	584,061	423,160	324,936
Finance costs	**(64,899)**	(4,465)	(1,729)	(5,507)	(5,293)
Share of results					
- associates	**1,391**	4,483	4,020	4,779	3,032
- jointly controlled entitites	**169,646**	192,464	31,700	10,461	(2,265)
Expenses, net	**(862,852)**	(888,712)	(424,162)	(312,850)	(212,323)
Profit before income tax	**504,290**	549,007	193,890	120,043	108,087
Income tax expense	**(132,081)**	(121,784)	(12,654)	(3,973)	-
Non-controlling interests	**-**	-	-	696	(8,023)
Profit attributable to equity holders of the Company	**372,209**	427,223	181,236	116,766	100,064

ASSETS, LIABILITIES AND EQUITIES	**As at 31 December 2011 HK$'000**	As at 31 December 2010 HK$'000	As at 31 December 2009 HK$'000	As at 31 March 2009 HK$'000	As at 31 March 2008 HK$'000
Total assets	**7,501,493**	5,425,244	3,505,805	2,644,729	2,195,676
Total liabilitites	**(3,027,111)**	(1,511,749)	(237,962)	(160,159)	(247,852)
Net assets	**4,474,382**	3,913,495	3,267,843	2,484,570	1,947,824
Equity attributable to owners of the Company	**4,474,382**	3,913,495	3,267,843	2,470,965	1,937,275
Non-controlling interests	**-**	-	-	13,605	10,549
Total equity	**4,474,382**	3,913,495	3,267,843	2,484,570	1,947,824

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