ANNUAL REPORT 2012

CHINA WINDPOWER GROUP LIMITED

FOR THE YEAR
ENDED 31 DECEMBER 2012

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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 Directors

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors

Dr. Zhou Dadi
Dr. Wong Yau Kar, David, BBS, JP
Mr. Yap Fat Suan, Henry
Mr. Shang Li
Ms. Huang Jian

Company Secretary

Mr. Chan Kam Kwan, Jason

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Bankers

China Development Bank
Agricultural Bank of China
Industrial and Commercial Bank of China
Standard Chartered Bank
Hang Seng 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

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Website

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Chairman's Statement

Dear Shareholders:

On behalf of the board of directors (the "Board") of China WindPower Group Limited (the "Company" or the "Group"), I hereby present to shareholders the 2012 annual results of the Group. The consolidated revenue and profit attributable to equity holders of the Company for the year ended 31 December 2012 were HK$1,099,819,000 and HK$40,386,000, respectively. Basic earnings per share is 0.55 HK cents. As of 31 December 2012, the Group's net assets stood at HK$4,454,998,000.

2012 was an extraordinary year in the history of the Group. We experienced the most difficult period since entering into the renewable energy business. Under the influence of internal and external unfavorable factors, the Group's profit declined significantly compared to 2011. Operationally, we were faced with a passive and adverse business environment, which led to the poor execution of the overall business plan.

In 2012, affected by global economic crisis, the economic growth of China decelerated, and whole society power consumption declined in the first three quarters of 2012, especially in northern China: Jilin, Liaoning, Eastern Inner Mongolia and Gansu, etc. These areas recorded a number of month-on-month negative growth in the power consumption resulted from the continuous increased power capacity that led to an excess power supply and exacerbated the curtailment problem. 90% of the Group's operational projects were located in these congested areas, thus Group's profit were heavily affected. As such, the Group postponed the construction of projects in northern regions. Owing to the increased difficulties in attaining wind power project approvals and prolonged approval cycle caused by the changes in wind power approval policy, many of the Group's wind power projects in the South were only approved at the end of 2012. Consequently, the Group's construction pipeline projects reduced dramatically, and profit from EPC and equipment manufacturing dropped as well.

In repose to the complex situations and difficulties, the Group responded positively and adopted the following strategies and measures: (1) reinforced the development and construction effort in southern areas, where curtailment problem is not considered to be an issue; (2) accelerated the development in solar power projects to seize the current opportunity of lower solar PV module price; (3) efficiently downsized the number of employees and tightened costs control; and (4) actively disposed projects with curtailment problem in northern areas.

Through persistent efforts, during the year, the Group had 22 projects with total capacity of 1,123MW obtained approvals from the provincial energy authorities , many of which are located in central and southern China with better construction and grid connection conditions. In 2012, the Group completed and commenced operation in two solar farms in China, with total capacity of 50MW and a 1MW solar farm in New York, US. The Group also optimized the organization and staff structure to reduce employment and management costs. In addition, we have made great progress in the disposal of assets in northern regions. All of these will bring results to the Group in 2013.

Chairman's Statement

In 2013, the world economy will have a modest recovery. China's economy is preliminary determined to have bottomed out in 2012, the economic growth in 2013 is expected to be better than last year, and whole society power consumption growth rate is expected also to increase. The Chinese Government plans to add 18GW wind power capacity and 10GW solar power capacity in 2013, which is a good news to the industry, and also brings good development potentials to the Group. In the new year, the Group will continue to maintain and implement its "southward development" strategy, develop the solar power business to be one of its core businesses by increasing its solar power investment, strengthen production safety and power marketing, improve the utilization hours of the power plants, continue to implement various measures to control costs, optimize human resource and cut down under or non-performing businesses.

Challenges are temporary, and the business environment will be improved in 2013. The Group will further expand its business scope, optimize its asset structure and enhance its capability to withstand economic risks. We believe through our continuous efforts and improvements, we will deliver better results to the society and investors in the future.

Liu Shunxing
Chairman & CEO

Hong Kong, 22 March 2013

Management Discussion and Analysis

I. Operating Environment

In 2012, the recovery of global economy remained slow. The European debt crisis was unsettled, the economy in the US and Japan decelerated, and the economic growth in emerging and most developing countries declined significantly. Different measures were adopted towards the renewable energy industry globally. The US and China promoted the industry as an important measure to stimulate the economy, while European countries reduced government support because of the economic crisis.

In the first three quarters of 2012, the economic growth rate in China trended downward. However, along with a series of positive policies and measures to ensure a stable growth, China's economy modestly recovered in the fourth quarter.

In 2012, the operating environment of renewable energy industry in China had the following characteristics:

(1) Rapid growth in wind and solar power installed capacity

According to the data released by National Energy Administration (NEA), in 2012, newly added wind power capacity in China was 15.37GW with a growth rate of 32.7%; which accounted for more than a third of new added wind power capacity all over the world. China continued to claim the first in the industry for four successive years since exceeding the US in 2009. As at the end of 2012, wind power installed capacity was 62.37GW in China, and wind has become the third largest source of power generation after thermal power and hydropower. In 2012, newly added solar power gird-connected capacity in China was 3.28GW, increased by 47.8% compared to 2011. The growth rate of solar power capacity exceeded wind power for the first time.

(2) Growth in electricity demand at a 4-year low and severe grid curtailment in the northern regions of China

In 2012, the overall whole society power consumption in China amounted to 4,959.1 billion KWh, up 5.5% compared to 2011. The growth rate decreased by 6.2% compared to 2011, and was the lowest in recent 4 years since the economic crisis in 2008. The growth rate of power consumption in Jilin and Liaoning was only 1.09% and 2.06%, respectively. The curtailment problem in northeast regions was further exacerbated given the excess growth in total installed power capacity over power consumption.

From October 2012, the growth rate of whole society power consumption increased for three consecutive months, and reached 11.5% in December, which signaled the stabling of China's economy.

Management Discussion and Analysis

I. Operating Environment *(Continued)*

(3) Increased difficulties in attaining wind power project approvals and prolonged approval cycle

According to the "Interim Measures for the Development and Construction of Wind Power Projects" issued by the NEA, every provincial Development and Reform Commission (PDRC) should submit the proposed project approval to the NEA. After getting approval from the NEA, and grid-connected approval from State Grid Corporation of China (SGCC), the PDRC can approve such project; and only then allows such wind power plant to enjoy tariff subsidy from the national renewable energy fund.

(4) Grid construction restricted the development of renewable energy

In 2012, China invested RMB369.3billion in grid construction which was basically flat compared to last year. Hami-Zhengzhou ±800kV UHVDC Transmission Project and the Second Xinjiang-Northwest Main Grid 750kV HVDC Transmission Line commenced construction, which will have a significant impact to the power transmission of the wind farm based in the northwest regions. However, the curtailment problem in northeast regions cannot be fundamentally resolved within a short time.

In addition, the power output transmission line requires a separate approval and the transmission line need to be invested and constructed by local grid companies in most regions. The lagging of approval and construction of transmission line restricted the construction schedule of wind and solar power projects.

(5) Meaningful technical advancement in renewable energy

In 2012, quality of wind turbines improved further. More larger blade turbines have been developed successfully and major turbine manufacturers have started to produce wind turbines that are tailored specifically for lower wind speed, which help to enhance the investment returns in lower wind speed areas.

Conversion efficiency of PV modules also improved further, the production costs declined, and the price of PV modules continued to fall sharply which lowered the construction costs of solar farm significantly.

Management Discussion and Analysis

I. Operating Environment *(Continued)*

(6) Industry policy promoted the rapid development of solar power industry

In July 2012, NEA issued the "12th Five-Year Plan for the Development of Solar Power Industry" to encourage construction of grid-connected solar farm and promote distributed solar power in Qinghai, Gansu, Xinjiang, Inner Mongolia, Tibet, Ningxia, Shanxi, Yunnan and other appropriate areas in the north and northeast China. Regional solar power feed-in tariff subsidy was introduced in Jiangsu, Shandong, Hebei, etc., which may make investment in solar farm in these regions economically attractive. SGCC announced the "Suggestions for the Grid Connection Service Work of Distributed Power", which gives a green channel for the development of distributed power and provides free grid connection.

(7) Looser financing environment and interest rate declined

In 2012, People's Bank of China lowered reserve requirement ratio twice by 1% in total and cut loan and deposit rates twice by 0.5% in total. Financing environment was looser and financing costs for new projects were lowered.

(8) Market price of Certified Emission Reduction (CERs) dropped dramatically

Buyers of carbon credit shrank due to the European economic crisis. In 2012, price of CERs continued to decline significantly, thus largely affected the net profit of power plants.

II. Business Review

In 2012, the Group's consolidated revenue amounted to HK$1,099,819,000 (2011: HK$959,046,000), increased by 14.68% compared to last year; profit attributable to equity holders of the Company totalled HK$40,386,000 (2011: HK$372,209,000), decreased by 89.15% compared to last year. The Group's basic earnings per share were 0.55 HK cents (2011: 5.03 HK cents).

At the end of 2012, the Group's net asset value totalled HK$4,454,998,000 (2011: HK$4,474,382,000) and its cash and cash equivalents were HK$731,167,000 (2011: HK$1,063,541,000).

During the year, the revenue increased due to the growth of equipment procurement business, and profit fell significantly because: (1) substantial drop in profit from power generation owing to lower wind speed and heavy grid curtailment in northern regions of China; (2) lesser EPC projects as the Group decided to postpone investment in ten approved projects in areas with severe curtailment problem, thus results from EPC deteriorated; (3) gain from disposal of equity interest in power plants was less than 2011; (4) costs was high relative to current scale of business; and (5) loss from derecognition of the CERs receivables of the Group's jointly controlled entities.

Management Discussion and Analysis

II. Business Review *(Continued)*

The Group's taxation charge amounted to HK$72,160,000 (2011: HK$132,081,000). A decrease in tax was mainly due to the decrease in taxable profit and decrease in withholding tax charged on interest income.

Several business segments resulted in losses, as a result income tax expenses lowered and consolidated net profit dropped substantially.

(1) Power Plant Investment Development and Operation Business

(1) Power Plant Generations

In 2012, the Group's power plants generated electricity output of 2,043.68 million kWh in total, up 17.0% compared to 2011, of which wind power generation was 1,982.46 million kWh and solar power generation was 61.22 million kWh. The output attributable to the Group was 998.63 million kWh, representing an increase of 13.3% compared to 2011. Attributable electricity output generated by wind power plants and solar power plants was 942.30 million kWh and 56.33 million kWh, respectively.

In 2012, the profit from wholly-owned power plants was HK$23,784,000 (2011: Nil). The Group recorded share of results of associates and jointly controlled entities of HK$1,155,000 (2011: HK$171,037,000).

In 2012, the availability rate of wind turbines achieved 97.06%, increased by 0.56% compared to 2011. However, due to the heavy grid curtailment in the northern regions, the weighted average utilization hours of the Group's wind power plants decreased significantly to 1,568 hours, a 11.6% drop compared to 2011. The availability rate of the Group's solar power plants is 99.12%, and the weighted average utilization hours were 1,598 hours. The average grid curtailment rate of the Group's power plant reached 26.9% (2011: 22.5%).

On top of this, the weighted average tariff rate of the Group's wind farms was RMB0.5704/kWh (including VAT) (2011: 0.5703/kWh). The weighted average tariff rate of the Group's solar farms was RMB1.271/kWh (including VAT).

(2) Disposal of Equity Interests in Power Plants

In 2012, the Group achieved gain of HK$193,939,000 (2011: HK$296,693,000) from the disposal of four wind power plants with attributable capacity of 58MW and Joint Venture partners were brought into 11 developing wind power projects with attributable capacity of 266 MW.

Management Discussion and Analysis

II. Business Review *(Continued)*

(1) Power Plant Investment Development and Operation Business *(Continued)*

(3) Newly Added Installed Capacity

The approval process has become more cumbersome, and the projects approvals have been delayed, which affected the project construction progress in 2012. In addition, the Group decided to postpone the construction projects with severe curtailment problem in the northern regions, thus the number of new project under construction decreased significantly.

In 2012, there were 5 continued projects and 7 new projects under construction with capacity of 197.5MW and 244.6MW, respectively. The total under construction capacity was 442MW, of which attributable capacity was 242MW. The Group also had 7 new power plants commenced operation, with total capacity of 199MW, attributable capacity of 112MW, including 2 solar power projects in the US with 1.9MW total installed capacity.

As at the end of 2012, the Group has 33 grid-connected wind and solar power plants, with a total installed capacity of 1,509MW, attributable installed capacity of 721MW.

(4) Project Development and Resource Reserves

In 2012, the Group had 22 projects with total capacity of 1,123MW obtained approvals from the provincial energy authorities, including 14 wind power projects with total capacity of 803MW, and 8 solar power projects with total capacity of 320MW. 17 of the 22 projects are in southern regions with good construction and grid connection conditions, which are expected to generate good return after completion.

In addition, the Group also attained initiation approvals for 45 power projects with total capacity of 2,332MW by the provincial energy authorities, which include 31 wind power projects of 1,532MW and 14 solar power projects of 800MW.

In 2012, the Group signed additional 3,750MW onshore wind power, 300MW off-shore wind power and 1,370MW solar power exclusive development right agreements. As at the end of 2012, the Group's wind resources reserve amounted to 28GW and solar power resources reserve totalled to 5GW, which ensure the sustainable development of the Group.

In 2012, the Group put its emphasis on the screening and assessment of wind and solar resources and the development of priority projects. Also strived hard to ensure more projects will be listed in the third batch wind farm approval schedule under the 12th Five-Year Plan.

Management Discussion and Analysis

II. Business Review *(Continued)*

(1) Power Plant Investment Development and Operation Business *(Continued)*

(5) Clean Develop Mechanism (CDM) Development

In 2012, 9 CDM projects were registered successfully with the United Nations' Executive Board (EB), with a total installed capacity of 424.5MW.

At the end of 2012, 32 projects have been approved by China's NDRC and 24 projects have been registered with the United Nations.

The European economic crisis has led to a shrinkage in the carbon credit market, thus price of CERs continued to decline significantly. In 2012, the Group accounted for HK$31,408,000 of loss from derecognition of CERs receivables of the Group's jointly controlled entities.

(6) Financing

In 2012, the Group's subsidiaries, associates and joint controlled entities obtained additional RMB2.45 billion loans from various financial institutions, increased RMB0.17 billion compared to 2011, and the average new loan interest rate declined to 5.95%, lowered by 0.91% compared to 2011.

(2) Renewable Energy Service Business

In 2012, investment in new wind power projects dropped substantially due to the more cumbersome approval process and lagging grid construction. The Group also reduced its investment in new projects. Being impacted by lower installed capacity, the profit from EPC and equipment manufacturing businesses declined significantly.

(1) Engineering, Procurement, Construction & Manufacturing (EPC&M)

In 2012, the Group's EPC company undertook 13 EPC projects, completed equipment procurement for 12 projects, and finished 197 feasibility studies and various design consultancy services to internal and external customers.

In 2012, the Group's construction company obtained level two power facilities installation (repair & test) construction permit, and was awarded "2012 Excellent Construction Enterprise in National Power Construction". Touzhijian project constructed by the company also won the "China Electric Power Quality Engineering Award".

Management Discussion and Analysis

II. Business Review *(Continued)*

(2) Renewable Energy Service Business *(Continued)*

(1) ***Engineering, Procurement, Construction & Manufacturing (EPC&M)*** *(Continued)*

Influenced by the reduced investment in wind power plants in northern regions, the operating performance of Group's renewable energy equipment manufacturing company — Tianhe — declined significantly. In 2012, Tianhe manufactured and sold 24 unit of tower tubes (2011: 283) and of 81MW (2011: 38.7MW) of PV mounting brackets.

In 2012, the Group's EPC&M company generated a total revenue of HK$907,441,000 (2011: HK$857,932,000), of which Tianhe company generated a total revenue of HK$91,532,000 (2011: HK$417,781,000). The increase in EPC&M revenue was mainly resulted from the rise of equipment procurement business which generally has high turnover, but low profit margin comparing design, consultancy & construction, thus, profit of EPC&M did not reflect the same growth.

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

In 2012, the Group's power plant O&M company focused on strengthening its capability and made more effort in external marketing. It provided full O&M services, equipment preventive tests, technical renovation overhaul, wind power forecast and other services to internal and external power plants, as well as carried out warranty period inspection and maintenance services contracted by turbine manufacturers. As a result, the revenue and profit of Group's power plant O&M company increased steadily in 2012.

In 2012, the Group's O&M unit had provided services to 42 wind and solar power plants, 13 of which were to external wind power plants. In addition, 16 scheduled inspection service contracts were signed with turbine manufacturers, and 14 service contracts for preventive tests, technical renovation overhaul and wind power forecast were signed with external wind power plants. This business segment contributed revenue of HK$129,314,000 (2011: HK$101,114,000) to the Group.

Management Discussion and Analysis

III. Liquidity and Financial Resources

As at 31 December 2012, the Group had cash and cash equivalents of approximately HK$731,167,000 (31 December 2011: HK$1,063,541,000). As at that date, the current ratio was 1.69 times (31 December 2011: 1.32 times), gearing ratio (long term liabilities divided by owner's equity) was 0.30 (31 December 2011: 0.22). At the end of the reporting period, the Group's borrowings amounted to HK$1,382,087,000 (31 December 2011: HK$1,131,036,000), and the consolidated net assets of the Group stood at approximately HK$4,454,998,000 (31 December 2011: HK$4,474,382,000).

Foreign Exchange Risk

In 2012, the Group's principal businesses are dominated in Renminbi. The Group did not engage in the use of any financial instruments for hedging purpose.

Charge of Asset

As of 31 December 2012, equipment of the Group and office building with its land use rights were pledged as security for outstanding loan of RMB293,910,000 and RMB51,000,000, respectively.

Contingent Liabilities

The Group, via its wholly-owned subsidiaries, had entered into joint venture agreements with JV partners in the PRC. Pursuant to the JV agreements, the Group was required to pledge its share of the equity interests in those jointly controlled entities as security for the bank loans of each of the respective jointly controlled entities.

As at 31 December 2012, the Group has pledged its share of entity interests of five jointly controlled entities (2011: five) with total value of its share of registered capital held by the Group amounted to HK$341,913,000 (2011: HK$341,976,000) as security for the bank loans of jointly controlled entities.

Gansu Guazhou Century Concord Wind Power Co., Ltd ("Guazhou"), a jointly controlled entity of the Group, signed a loan agreement with total amount of US$140,000,000 with International Finance Corporation ("IFC"). As at 31 December 2012, IFC lended US$99,556,000 to Guazhou company. Pursuant to the guarantee agreement sign with IFC, the Group has provided the corporate guarantee to IFC and pledged its subsidiary's 49% equity interests of Guazhou company, with total value of HK$404,352,000 (2011: HK$404,427,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2012.

Management Discussion and Analysis

III. Liquidity and Financial Resources *(Continued)*

Commitments

As at 31 December 2012, the Group had capital commitments of HK$566,434,000 (31 December 2011: HK$534,443,000) which were not accounted for in the financial statements. The amount was mainly the capital committed for investment in power plants of HK$343,892,000 (31 December 2011: HK$515,905,000) and capital committed for the payment for equipment purchased by subordinate project companies of HK$222,542,000 (31 December 2011: HK$18,538,000).

IV. Staff and Remunerations

As of 31 December 2012, the Group had 1,586 (31 December 2011: 2,012) full-time employees — 163 for the Group's headquarter, 430 for project development and project management, 519 for EPC&M, 474 for O&M.

During the reporting period, the staff cost is HK$157,349,000 (2011: HK$190,236,000), representing a 17.29% drop compared to 2011.

V. Social Responsibility and Environmental Protection

In 2012, the Group revised the "Administrative Manual on Environment, Health, Safety and Social Management System of China WindPower" according to new businesses and polices, and strengthened the Group's spirit in social responsibility, safety, health and environment protection. In 2012, the Group's subsidiary — Gansu Guazhou Century Concord Wind Power Limited passed the external audit on the continuous effectiveness of "OHSAS18001 Occupational Health And Safety Management Certification Certificate".

In terms of social responsibility, the Group donated money for education development in the remote and poor areas near its power plant sites, and sponsored scholarships in North China Electric Power University. The staffs also voluntarily supported the Hope School and under privileged students. The Group's charity fund assisted several employees, who faced living difficulties due to severe illness or accidents, to lighten their financial burden, share the warmth from the corporate family, and be more confident to conquer the difficulties.

The Group has made eminent achievements in emission reduction through its investments in wind and solar power projects. During the year, the Group's wind power plants reduced carbon dioxide emission by 2,120,000 tons, sulfur dioxide emission by 20,916 tons, and nitrogen oxide emission by 1,855 tons. Moreover, in contrast to coal-fired thermal plants, the Group's wind and solar power plants saved 712,900 tons of standard coal and 5,921,100 tons of water. At the end of the reporting period, the Group's wind and solar power plants had cumulatively reduced carbon dioxide emission by 5,730,000 tons, sulfur dioxide emission by 57,054 tons, and nitrogen oxide emission by 5,045 tons. They had saved 1,942,100 equivalent tons of standard coal and 16,100,800 tons of water.

Management Discussion and Analysis

VI. Prospect

In 2013, it is expected that the China's economy will continue to grow and the power consumption will rise. The Chinese Government plans to add 18GW wind power capacity and 10GW solar power capacity, which is a good news to the industry, particularly for the solar power industry. The Group also faces a good development opportunity.

In 2013, the Group will put more effort on project approval, strive to achieve more than 900MW of approvals and increase investments and constructions of wind power projects in the South and solar power projects.

In 2013, the main business strategies of the Group are as follows:

(1) Maintaining and implementing "southward development" strategy. In 2013, the Group's new constructed projects will be located mainly in the southern regions where curtailment is not a problem. Meanwhile, the Group will sell assets in the North and replaced them with assets in the South. Through these measures, the Group's asset quality will be improved promptly.

(2) Developing solar power to become one of the Group's core businesses. The Group will increase its investments in solar power projects to capture the higher returns in solar power projects due to the low solar PV module price.

(3) Improving the efficiency of the power plants operation. The Group will strengthen production safety management, increase the technical operational standard of power plants and adopt various effective measures to improve the utilization hours of the power plants and reduce the loss caused by curtailment.

(4) Continuing to implement various measures to control costs. The Group will continue to adjust organisation structure and optimize human resource.

As a emerging strategic and sunrise industry, the development of renewable energy industry has a bright future. We believe, through the implementation of above business strategies and with the joint efforts of all staff, the Group will seize the opportunities to deliver a stronger and better new year, and achieve a long term sustainable development.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Liu Shunxing, aged 51, 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 holds a Bachelor degree of Electricity Generation from Tianjin University and a Master degree of Energy Source Economy Management from the Management College of Harbin Institute of Technology. Mr. Liu is the vice president of China Energy Research Institute, an executive of China Energy Council 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 61, joined the Group in 2006 as the Chairman and was re-designated as Vice-Chairman of the Company since June 2009. He is also the Chairman and executive director of DVN (Holdings) Limited, Reorient Group Limited and Varitronix International Limited. The above companies are all 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. Ko has extensive experience in a variety of activities, including manufacturing, securities trading, international trade, electronics and the renewable energy industry. He also has extensive experience in corporate finance, corporate restructuring and mergers and acquisitions.

Mr. Wang Xun, aged 46, joined the Group in 2007. He is a director of various subsidiaries of the Group. Mr. Wang holds a Bachelor degree from International Politics College. Mr. Wang has devoted himself to wind power industry since 1999. Mr. Wang had held senior management positions in Golden Concord Holdings Limited.

Mr. Yang Zhifeng, aged 42, 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 44, 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.

Mr. Yu Weizhou, aged 48, joined the Group in 2009. He is currently the Vice President of the Company and is also a director of various subsidiaries of the Group. He holds a Bachelor degree in statistics and a Master degree in finance from Renmin University of China and a Ph.D degree of 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 Ltd.

Biographical Details of Directors and Senior Management

Executive Directors *(Continued)*

Mr. Zhou Zhizhong, aged 56, joined the Group as Vice President in 2009, and had become the executive director of the Company since June 2011. He is also a director of various subsidiaries 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, former Chairman of Nanjing Power Supply Bureau, the General Manager of the First Electric Power Construction Company of Jiangsu Province and the Vice President of the Golden Concord Group.

Ms. Ko Wing Yan, Samantha, aged 33, joined the Group in 2009. Ms Ko holds a Bachelor Degree in Economics and Mathematics from Mount Holyoke College, and a Master Degree in Finance from the Imperial College Management School in London. She has over seven years of experience in banking and has extensive experience in the securities and capital markets, and was a director of global markets — structured credit and fund solutions of HSBC until August 2009. Before joining HSBC, Ms. Ko served in international investment banks including Morgan Stanley (in Hong Kong) and JP Morgan Securities Limited (in London). Ms. Ko is also the executive director of Reorient Group Limited, the shares are listed on the Hong Kong Stock Exchange. Ms. Ko is the daughter of Mr. Ko Chun Shun, Johnson who is the Vice Chairman and an executive Director.

Mr. Chan Kam Kwan, Jason, aged 39, is also the company secretary of the Company since 2006, he is also a director of various subsidiaries 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. Mr. Chan is also the executive director and a secretary of Brockman Mining Limited, and an independent non-executive director of AMCO United Holding Limited, and the company secretary of DVN (Holdings) Limited. The above companies all are listed on the Hong Kong Stock Exchange.

Non-Executive Director

Mr. Tsoi Tong Hoo, Tony, aged 48, 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 an Honors Degree in Business Administration in 1986. He has been a Chartered Financial Analyst since 1989, and has extensive experience in the areas of investment research, investment banking and corporate management. He was rewarded as one of the “Hong Kong Young Industrialists” by the Federation of Hong Kong Industries in 2010. Mr. Tsoi is the CEO and an executive director of Varitronix International Limited, and he is also a non-executive director of Zhidao International (Holdings) Limited (formerly known as Ocean Grand Holdings Limited and an independent non-executive director of Fairwood Holdings Limited, all of which are listed on the Hong Kong Stock Exchange. Mr. Tsoi is also the deputy chairman of the supervisory board of Data Modul AG, which is listed on the Frankfurt Stock Exchange.

Biographical Details of Directors and Senior Management

Independent Non-Executive Directors

Dr. Zhou Dadi, aged 66, has been an independent non-executive director of the Company since 2009. graduated from the Engineering Physics Department of Tsinghua University in 1970 and obtained a master degree in Environmental Engineering in 1982. He received an honorary doctoral degree from the Geneva School of Diplomacy and International Relations in Switzerland in 2007. Dr. Zhou is the Managing Vice President of China Energy Research Institute and a researcher of the Energy Research Institute of National Development and Reform Commission.

Dr. Wong Yau Kar, David, BBS, JP, aged 55, has been an independent non-executive director of the Company since 2006. Dr. Wong holds a Ph.D degree in Economics from the University of Chicago. Dr. Wong has extensive experience in manufacturing, direct investment, international trade and corporate finance and is currently the managing director of United Overseas Investments Ltd. Dr. Wong has recently been elected as a Hong Kong Deputy of the 12th National People's Congress. Dr. Wong has been actively participating in public services and to name a few, he is currently Chairman of the Land and Development Advisory Committee, the Protection of Wages on Insolvency Fund Board, and the Societal Engagement Task Force of the Commission on Poverty. In the business sector, Dr. Wong is the Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong and Deputy Chairman of the Hong Kong Institute of Directors. In 2010, Dr. Wong was appointed as a Justice of Peace (JP), and in 2012, Dr. Wong was awarded a Bronze Bauhinia Star (BBS) for his valuable contribution to the society. Dr. Wong is also an independent non-executive director of Reorient Group Limited and China Jiuhao Health Industry Corporation Limited (formerly known as Media China Corporation Limited), and the non-executive director of CIAM Group Limited, all of which are listed on the Hong Kong Stock Exchange.

Mr. Yap Fat Suan, Henry, aged 67, has been an independent non-executive director of the Company since 2006. He holds a master degree in Business Administration from the University of Strathclyde, Glasgow, in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in finance and accounting. He retired as the managing director of Johnson Matthey Hong Kong Limited in June 2007 and prior to that appointment he was the general manager of Sun Hung Kai China Development Limited. Mr. Yap is also an independent non-executive director of DVN (Holdings) Limited, which is listed on the Hong Kong Stock Exchange.

Mr. Shang Li, aged 38, has been currently an independent non-executive director of the Company in December 2012 holds a Ph.D degree in Computer Engineering from Princeton University, USA. Mr. Shang has extensive experience and knowledge in cyber-physical systems, embedded systems, computer systems and nanotechnologies & etc. He is an Associate Professor of the Department of Electrical, Computer and Energy Engineering in University of Colorado at Boulder and the Chair Professor in Tongji University. He has published over 90 articles in international top journals and conferences in related fields. In 2012, he received the "25 Best Papers from FPGA" from ACM International Symposium on Field-Programmable Gate Arrays and the "Computational Sustainability Award" from the Computing Community Consortium.

Biographical Details of Directors and Senior Management

Ms. Huang Jian, aged 44, has been currently an independent non-executive director of the Company in December 2012 holds a Master degree from the Central University of Finance and Economics of the PRC. She is also a certified public accountant in the PRC. Ms. Huang has over past 20 years of professional experience in accounting, auditing and taxation. Ms. Huang was the senior partner of RSM China Certified Public Accountants until 2011 and she is now a full time member of SME Board Pubic Offering Review Committee of the China Securities Regulatory Commission.

Senior Management

Mr. Hu Mingyang, aged 41, joined the Group in 2009. He is the Chief Financial Officer of the Company. He holds a Master degree in economics from Peking University, and is a certified public accountant. He was the Director of Finance Office and General Office, which are directly under China Council for the Promotion of International Trade, and the General Manager of Finance Department of China Patent Agent (H.K.) Ltd.

Mr. Xie Jianmin, aged 49, joined the Group in 2007. He is the Chief Engineer of the Company. Mr. Xie holds a Doctorate degree from Xi'an Jiaotong University. He was a professor of Southeast University and he has been conducting advanced research in the wind power industry. He was the Director of Ningxia Wind Power Research Institute.

Mr. Wang Yaobo, aged 66, 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. Lu Yichuan, aged 34, joined the Group in 2010. He is the Deputy Chief Engineer of the Company. He holds a Doctorate degree from Dortmund University of Technology in Germany. He was the chief technical manager — wind power grid access of Siemens in Germany. He has worked for East China Grid Company.

Mr. Liu Ruiqing, aged 48, joined the Group in 2011. He is the general manager of Operation & Maintenance department. He holds a Master degree from North China Electric Power University. He has worked for Huadian Group New Energy Limited and Guohua New Energy Limited.

Report of the Directors

The directors of the Company (the "Directors") submit their report together with the audited consolidated financial statements for the year ended 31 December 2012 (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 financial statements. An analysis of the Group's income and contribution to operating profit for the Year is set out in Note 5 to the financial statements.

Results and Dividends

The results of the Group for the Year are set out in the consolidated income statement on page 39. The Directors do not recommend the payment of a final dividend.

Reserves

Movements in the reserves of the Group and of the Company during the Year are set out in Note 33 to the financial statements.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group and of the Company are set out in Note 15 to the financial statements.

Share Capital

Details of the movements in the share capital of the Company are set out in Note 31 to the financial statements.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 December 2012 are set out in Note 33 to the financial statements.

Pre-emptive Rights

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

Report of the Directors

Five-year Financial Summary

A summary of the results, and of the assets, liabilities and equities of the Group for the last five financial years/period is set out on page 155 and 156.

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

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

Share Options

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

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

Pursuant to this 10-year term Share Option Scheme, the Company can grant options to the Qualified Persons for a consideration of HK$1.00 for each grant payable by the Qualified Persons. The total number of the shares issued and to be issued upon exercise of the options granted to each Qualified Person (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares then in issue. During the Year, no 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 32 to the 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.

Report of the Directors

Directors

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

Executive Directors

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

Non-executive Directors

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors

Dr. Zhou Dadi
Dr. Wong Yau Kar, David, BBS, JP
Mr. Yap Fat Suan, Henry
Dr. Shang Li (appointed on 27 December 2012)
Ms. Huang Jian (appointed on 27 December 2012)

In accordance with bye-laws 99 and 102(B) of the Company's Bye-laws, Mr. Wang Xun, Mr. Yang Zhifeng, Ms. Liu Jianhong, Ms. Ko Wing Yan, Samantha, Mr. Tsoi Tong Hoo, Tony, Dr. Shang Li and Ms. Huang Jian shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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

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

Report of the Directors

Directors' Service Contracts

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

Directors' Interests in Contracts

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

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

As at 31 December 2012, 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:

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

	Number of shares held and nature of interest				
Name of the Director	**Personal**	**Family**	**Corporate**	**Total**	**Approximate percentage of the total issued share capital** *(%)*
Liu Shunxing	—	—	2,023,469,387[1]	2,023,469,387	27.37
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, BBS, JP	400,000	—	—	400,000	0.005
Yap Fat Suan, Henry	200,000	—	—	200,000	0.003

Report of the Directors

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

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

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 88.02% of the issued shares of Concord International.

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.

(ii) Long positions in debentures of the Company:

Ms. Liu Jianhong, an executive Director, has held RMB1,000,000 of 6.375% Bond issued by the Company.

(iii) 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 32 to the financial statements.

Save as disclosed above, as at 31 December 2012, 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.

Report of the Directors

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 2012, 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 share capital *(%)*
China Wind Power Investment Limited *(Note)*	2,023,469,387	27.37%

Note:

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 88.02% of the issued shares of Concord International.

Save as disclosed above, as at 31 December 2012, 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.

Report of the Directors

Connected Transactions and Continuing Connected Transactions

A summary of the related parties transactions entered into by the Group during the year is disclosed in Note 39 to the financial statements. Pursuant to Chapter 14A of the Listing Rule, the Group has the following connected transactions during the year.

Connected Transactions

On 25 June 2012, Century Concord, a wholly-owned subsidiary of the Company, entered into the Fuxin Disposal Agreement with Liaoning Energy pursuant to which Century Concord has conditionally agreed to dispose of a 21% equity interest in Fuxin Taihe to Liaoning Energy at a consideration of RMB79,711,100.

On 25 June 2012, Century Concord (Century Concord Wind Power Investment Co., Ltd.) and Tianjin Century (Tianjin Century Concord Wind Power Investment Co., Ltd.), both wholly-owned subsidiaries of the Company, respectively entered into the Chaoyang Disposal Agreements with Liaoning Energy (Liaoning Energy Investment (Group) Co., Ltd.) pursuant to which (i) Century Concord has conditionally agreed to dispose of a 13% equity interest in Chaoyang Century (Chaoyang Century Concord Wanjia Wind Power Co., Ltd.) to Liaoning Energy at a consideration of RMB24,511,695 and (ii) Tianjin Century has conditionally agreed to dispose of a 12% equity interest in Chaoyang Century to Liaoning Energy at a consideration of RMB22,626,180.

On 10 July 2012, Jilin CWP (Jilin CWP Power Engineering Co., Ltd.), a wholly-owned subsidiary of the Company, entered into the Agreement with Liaoning Energy, Liaoning Projects (Liaoning Energy Key Projects Investment Limited) and the Target Company (Liaoning Liaoneng Lifting Engineering Co., Ltd.). Pursuant to which Jilin CWP has conditionally agreed to acquire the entire equity interest in the Target Company and the Shareholder's Loan at a total consideration of RMB31,290,700.

Continuing Connected Transactions

During the Year, the Group has provided the Services to the Joint Ventures (which are associates of connected persons as defined in the Listing Rules) for a consideration of RMB110,273,000 (2011: RMB89,460,000).

The above continuing connected transaction has been reviewed by the independent non-executive Directors who had confirmed that the aforesaid continuing connected transaction was 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 of the relevant transaction; and

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

Report of the Directors

Connected Transactions and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

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 on page 25 of this annual report 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 56% of the total sales for the Year, and the largest customer included there in amounted to 28%.

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 23%.

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 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 36 of the annual report.

Post Balance Sheet Event

Details of the post balance sheet event is set out in Note 40 to the financial statements.

Report of the Directors

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, 22 March 2013

Corporate Governance Report

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

Throughout the year ended 31 December 2012, 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, except for the following deviation:

Code Provision A.2.1

There was no separation of the role of chairman (the "Chairman") and chief executive officer (the "CEO"). 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 of 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.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2012.

The Board

As at 31 December 2012, the Board comprised of fifteen Directors, including nine executive Directors, one non-executive Director and five independent non-executive Directors. Biographical details of the Directors are stated under the section "Biographical Details of Directors and Senior Management".

Mr. Ko Chun Shun, Johnson ("Mr. Ko"), an executive Director and the Vice Chairman of the Company, is the father of Ms. Ko Wing Yan, Samantha ("Ms. Ko"), an executive Director. Mr. Ko, Ms. Ko, Mr. Tsoi Tong Hoo, Tony ("Mr. Tsoi") and Dr. Wong Yau Kar, David, BBS, JP, are all directors of Reorient Group Limited. Mr. Ko and Mr. Tsoi are directors of Varitronix International Limited, Mr. Ko and Mr. Yap Fat Suan, Henry are both directors of DVN (Holdings) Limited. Mr. Chan Kam Kwan, Jason, an executive Director, is also the company secretary of DVN (Holdings) Limited. The shares of the above companies are listed on the Stock Exchange.

A major shareholder of the Company, China Wind Power Investment Limited, is held 88.02% indirectly by 4 executive Directors namely, Mr. Liu Shunxing, Mr. Wang Xun, Mr. Yang Zhifeng and Ms. Liu Jianhong.

Saved as disclosed above, there are no financial, business, family or other material/relevant relationships between the Board members.

Corporate Governance Report

The Board *(Continued)*

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 (including the independent 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. 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 (who currently is also the Chairman of the Group) 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.

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

Corporate Governance Report

The Board *(Continued)*

The Board meets regularly, and at least 4 times a year. Between 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. During the year ended 31 December 2012, a total of four board meetings and one general meeting ("2012 AGM") were held and the attendance of each director is set out below:

		Number of meetings attended in the year ended 31 December 2012/ Number of meetings eligible to attend	
	Name of Director	**Board meetings**	**2012 AGM***
Chairman & CEO	Liu Shunxing	4/4	1/1
Vice Chairman	Ko Chun Shun, Johnson	4/4	1/1
Executive Directors	Wang Xun	4/4	1/1
	Yang Zhifeng	4/4	1/1
	Liu Jianhong	4/4	1/1
	Yu Weizhou	4/4	1/1
	Zhou Zhizhong	4/4	1/1
	Ko Wing Yan, Samantha	4/4	1/1
	Chan Kam Kwan, Jason	4/4	1/1
Non-executive Director	Tsoi Tong Hoo, Tony	4/4	1/1
Independent Non-Executive Directors	Dr. Zhou Dadi	4/4	1/1
	Dr. Wong Yau Kar, David, BBS, JP	4/4	1/1
	Yap Fat Suan, Henry	4/4	1/1
	Shang Li (appointed on 27 December 2012)	N/A	N/A
	Huang Jian (appointed on 27 December 2012)	N/A	N/A

** 2012 AGM was held on 31 May 2012*

Corporate Governance Report

The Board *(Continued)*

Professional Training for Directors

All Directors, including independent non-executive Directors, should always know their collective responsibilities as Directors and of the businesses and activities of the Group. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

During the year ended 31 December 2012, all existing Directors have received relevant trainings on the topics relating to corporate governance and regulations and have provided their training records as follow:

Directors	Type of training
Executive Directors	
Mr. Liu Shunxing	A
Mr. Ko Chun Shun, Johnson	A
Mr. Wang Xun	A
Mr. Yang Zhifeng	A
Ms Liu Jianhong	A
Mr. Yu Weizhou	A
Mr. Zhou Zhizhong	A
Ms. Ko Wing Yan, Samantha	A
Mr. Chan Kam Kwan Jason	A
Non-executive Director	
Mr. Tsoi Tong Hoo, Tony	B
Independent non-executive Directors	
Dr. Zhou Dadi	A
Dr. Wong Yau Kar, David, BBS, JP	B
Mr. Yap Fat Suan, Henry	A
Dr. Shang Li*	N/A
Ms. Huang Jian*	N/A

Notes:
A: attending training course
B: reading relevant materials
* (appointed on 27 December 2012)

Corporate Governance Report

Board Committees

During the year ended 31 December 2012, the Board has reviewed and monitored the training and continuous professional development of directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements. Besides, the Company has set up three committees including the Nomination Committee, the Remuneration Committee and the Audit Committee. Each committee has its specific terms of reference with reference to the Code:

Remuneration Committee

The Remuneration Committee comprises five members. The Remuneration Committee is chaired by Dr. Wong Yau Kar, David, BBS, JP with Mr. Liu Shunxing, Ms. Liu Jianhong, Dr. Zhou Dadi and Mr. Yap Fat Suan, Henry 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 such as making recommendations to the Board on the Group's policy and structure for the remuneration of Directors and senior management.

Under its term of reference, the Remuneration Committee assists 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 also 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 written terms of reference are posted on the websites of the Company and the Stock Exchange.

During the year, the Remuneration Committee has held 1 meeting with all members present. The Committee has reviewed the remuneration packages for Directors and senior management of the Group.

Nomination Committee

The Nomination Committee comprises five members, namely Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong, Dr. Zhou Dadi, Dr. Wong Yau Kar, David, BBS, JP and Mr. Yap Fat Suan, Henry.

The terms of reference of the Nomination Committee have been determined with reference to the Code and are posted on the websites of the Company and the Stock Exchange. Under its terms of reference, the Nomination Committee is responsible for identifying potential directors and making recommendations to the Board on the appointment or re-appointment of directors of the Company. Potential new directors are selected on the basis of their qualifications, skills and experience which the Nomination Committee considers will make a positive contribution to the performance of the Board. During the year, the Nomination Committee has held 1 meeting with all members present. The Committee has reviewed the structure, size and composition of the Board.

Corporate Governance Report

Board Committees *(Continued)*

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, BBS, 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.

The terms of reference of the Audit Committee are in line with the Code and are posted on the websites of the Company and the Stock Exchange. Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual financial statements, to review the scope, extent and effectiveness of the Group's internal control system, and to review the Group's financial and accounting policies.

The Audit Committee has held 2 meetings during the year with all members present.

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

Auditors' Remuneration

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

Nature of the services	**31 December 2012** ***HK$'000***	31 December 2011 *HK$'000*
Audit services	**3,292**	3,196
Other services	**180**	3,645
	3,472	6,841

Corporate Governance Report

Internal Controls

The Board is responsible for the Group's internal control system and has the responsibility for reviewing its effectiveness. The Company and its subsidiaries have adopted a set of internal control procedures and policies to safeguard the assets, to ensure proper maintenance of accounting records and reliability of financial reporting, and to ensure compliance with relevant legislation and regulations. The internal control system is designed to ensure the financial, operational and compliance controls, and risk management functions are in place and functioning effectively. The Board has conducted a review of and is satisfied with the effectiveness of the internal control system of the Group.

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

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view and are in compliance with the statutory requirements and applicable financial reporting standards. As at 31 December 2012, the Directors was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

A statement by the auditor about the auditor's responsibility is set out on page 37 and 38 of this annual report.

Company Secretary

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

Corporate Governance Report

Company Secretary *(Continued)*

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.

During the year, Mr. Chan Kam Kwan, Jason, the Company Secretary of the Company, has undertaken no less than 15 hours of professional training to update his skills and knowledge.

Shareholders' Rights

How Shareholders can convene a special general meeting ("SGM")

Subject to Section 74 of the Companies Act 1981 of Bermuda (the "Act") and Bye-law 62 of the Bye-laws of the Company, shareholders holding in aggregate not less than 10% of the paid-up capital of the Company have the right, by written requisition to the Board or the secretary of the Company, to request a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

Procedures for putting forward proposals at a general meeting

Any number of shareholders representing not less than 5% of the total voting rights of the Company on the date of the requisition or not less than 100 shareholders of the Company are entitled to put forward a proposal for consideration at a general meeting of the Company. Shareholders should follow the requirements and procedures as set out in Section 79 of the Act for putting forward such proposal at a general meeting.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Suite 3901, 39/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
Fax: (852) 2866 0281
Email: cs@cwpgroup.com.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Corporate Governance Report

Investor Relations

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 Act and 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.

Constitutional Document

There are no changes in the Company's constitutional document during the year.

Independent Auditor's Report

羅兵咸永道

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 39 to 154, which comprise the consolidated and company balance sheets as at 31 December 2012, 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.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Independent Auditor's Report

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

Auditor's Responsibility *(Continued)*

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, 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, 18 April 2013

Consolidated Income Statement

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000 (Note 2)
Revenue	6	**1,099,819**	959,046
Other income	6	**24,821**	18,093
Other gains, net	7	**200,054**	283,865
Exchange gains, net	7	**38**	21,923
Expenses			
Cost of construction and inventories sold	10	**(791,738)**	(568,542)
Employee benefit expense	8, 10	**(157,349)**	(190,236)
Depreciation and amortisation	10	**(46,672)**	(14,729)
Operating lease payments	10	**(16,738)**	(7,956)
Other expenses	10	**(114,333)**	(103,312)
Finance costs	9	**(85,985)**	(64,899)
Share of results			
— associates		**7,278**	1,391
— jointly controlled entities		**(6,123)**	169,646
Profit before income tax		**113,072**	504,290
Income tax expense	11	**(72,160)**	(132,081)
Profit for the year		**40,912**	372,209
Profit attributable to:			
Equity holders of the Company		**40,386**	372,209
Non-controlling interests		**526**	—
		40,912	372,209

Consolidated Income Statement *(Continued)*

For the year ended 31 December 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Earnings per share attributable to equity holders of the Company during the year			
Basic earnings per share	*13(a)*	**0.55 HK cents**	5.03 HK cents
Diluted earnings per share	*13(b)*	**0.55 HK cents**	5.00 HK cents
Dividend	*14*	**—**	73,936

The notes on pages 49 to 154 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 *HK$'000*	2011 *HK$'000*
Profit for the year	**40,912**	372,209
Other comprehensive income:		
Currency translation differences		
— Group	**(812)**	101,959
— Associates	**520**	6,750
— Jointly controlled entities	**(1,623)**	59,890
— Loss of control over subsidiaries	**(7,409)**	(33,008)
— Partial disposal of jointly controlled entities	**(1,687)**	—
Total other comprehensive (loss)/income for the year, net of tax	**(11,011)**	135,591
Total comprehensive income for the year	**29,901**	507,800
Total comprehensive income attributable to:		
Equity holders of the Company	**29,373**	507,800
Non-controlling interests	**528**	—
	29,901	507,800

The notes on pages 49 to 154 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**1,247,670**	1,286,961
Leasehold lands and land use rights	16	**148,947**	154,710
Intangible assets	17	**1,324,790**	1,324,891
Interests in associates	19	**302,859**	142,924
Interests in jointly controlled entities	20	**1,507,111**	1,880,630
Available-for-sale financial assets	23	**2,775**	—
Prepayments and deposits	25	**23,528**	—
Deferred tax assets	34	**14,669**	26,825
		4,572,349	4,816,941
Current assets			
Inventories	21	**209,880**	308,448
Trade and bill receivables	24	**367,204**	499,761
Prepayments, deposits and other receivables	25	**591,680**	228,856
Amounts due from associates	19	**31,887**	6,199
Amounts due from jointly controlled entities	20	**1,003,859**	577,747
Cash and cash equivalents	26	**731,167**	1,063,541
		2,935,677	2,684,552
Total assets		**7,508,026**	7,501,493
LIABILITIES			
Non-current liabilities			
Borrowings	30	**1,298,218**	974,146
Deferred tax liabilities	34	**5,544**	2,511
Deferred government grant	35	**17,177**	17,921
		1,320,939	994,578

Consolidated Balance Sheet *(Continued)*

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Current liabilities			
Trade and bill payables	28	**1,007,791**	843,588
Other payables and accruals	29	**390,778**	696,223
Amounts due to associates	19	**158,749**	24,385
Amounts due to jointly controlled entities	20	**35,491**	276,696
Borrowings	30	**83,869**	156,890
Current income tax liabilities		**55,411**	34,751
		1,732,089	2,032,533
Total liabilities		**3,053,028**	3,027,111
Net current assets		**1,203,588**	652,019
Total assets less current liabilities		**5,775,937**	5,468,960
Net assets		**4,454,998**	4,474,382
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	31	**73,936**	73,936
Reserves			
Proposed final dividend	14	**—**	73,936
Others		**4,380,070**	4,326,510
		4,454,006	4,474,382
Non-controlling interests		**992**	—
Total equity		**4,454,998**	4,474,382

The notes on pages 49 to 154 are an integral part of these consolidated financial statements.

The financial statements on pages 39 to 154 were approved by the Board of Directors on 22 March 2013 and were signed on its behalf.

Liu Shunxing	**Ko Chun Shun, Johnson**
Director	*Director*

Balance Sheet

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**—**	3
Interests in subsidiaries	18	**1,500,416**	1,554,215
Deposits	25	**669**	—
		1,501,085	1,554,218
Current assets			
Trade receivables	24	**11,032**	—
Prepayments, deposits and other receivables	25	**11,447**	5,340
Amounts due from subsidiaries	18	**1,034,380**	1,016,561
Amounts due from jointly controlled entities	20	**297**	865
Cash and cash equivalents	26	**20,548**	27,598
		1,077,704	1,050,364
Total assets		**2,578,789**	2,604,582
LIABILITIES			
Non-current liabilities			
Borrowings	30	**915,752**	909,428
Current liabilities			
Other payables and accruals	29	**19,599**	18,783
Amounts due to subsidiaries	18	**105,686**	12,494
		125,285	31,277
Total liabilities		**1,041,037**	940,705
Net current assets		**952,419**	1,019,087
Total assets less current liabilities		**2,453,504**	2,573,305
Net assets		**1,537,752**	1,663,877
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	31	**73,936**	73,936
Reserves			
Proposed final dividend	14, 33	**—**	73,936
Others	33	**1,463,816**	1,516,005
Total equity		**1,537,752**	1,663,877

The notes on pages 49 to 154 are an integral part of these consolidated financial statements.

The financial statements on pages 39 to 154 were approved by the Board of Directors on 22 March 2013 and were signed on its behalf.

Liu Shunxing
Director

Ko Chun Shun, Johnson
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Premium arising on acquisition of non-controlling interests *HK$'000*	Exchange reserve *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total Equity *HK$'000*
Balance at 1 January 2011	73,915	2,977,754	78,810	(35,481)	229,991	43,761	544,745	3,913,495	—	3,913,495
Comprehensive income										
Profit for the year	—	—	—	—	—	—	372,209	372,209	—	372,209
Other comprehensive income										
Currency translation differences										
— Group	—	—	—	—	101,959	—	—	101,959	—	101,959
— Associates	—	—	—	—	6,750	—	—	6,750	—	6,750
— Jointly controlled entities	—	—	—	—	59,890	—	—	59,890	—	59,890
— Loss of control over subsidiaries	—	—	—	—	(33,008)	—	—	(33,008)	—	(33,008)
Total other comprehensive income, net of tax	—	—	—	—	135,591	—	—	135,591	—	135,591
Total comprehensive income	—	—	—	—	135,591	—	372,209	507,800	—	507,800
Total contributions by and distributions to equity holders of the Company recognised directly in equity										
Repurchase and cancellation of ordinary shares	(70)	(2,263)	—	—	—	—	—	(2,333)	—	(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	—	3,310
Share-based compensation	—	—	—	—	—	52,110	—	52,110	—	52,110
Total transactions with owners	21	(2,975,413)	2,596,978	—	—	50,725	380,776	53,087	—	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	—	4,474,382

Consolidated Statement of Changes in Equity *(Continued)*

For the year ended 31 December 2012

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus *HK$'000*	Premium arising on acquisition of non-controlling interests *HK$'000*	Exchange reserve *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total Equity *HK$'000*
Balance at 1 January 2012	73,936	2,341	2,675,788	(35,481)	365,582	94,486	1,297,730	4,474,382	—	4,474,382
Comprehensive income										
Profit for the year	—	—	—	—	—	—	40,386	40,386	526	40,912
Other comprehensive (loss)/ income										
Currency translation differences										
— Group	—	—	—	—	(814)	—	—	(814)	2	(812)
— Associates	—	—	—	—	520	—	—	520	—	520
— Jointly controlled entities	—	—	—	—	(1,623)	—	—	(1,623)	—	(1,623)
— Loss of control over subsidiaries	—	—	—	—	(7,409)	—	—	(7,409)	—	(7,409)
— Partial disposal of jointly controlled entities	—	—	—	—	(1,687)	—	—	(1,687)	—	(1,687)
Total other comprehensive (loss)/ income, net of tax	—	—	—	—	(11,013)	—	—	(11,013)	2	(11,011)
Total comprehensive income	—	—	—	—	(11,013)	—	40,386	29,373	528	29,901
Total contributions by and distributions to equity holders of the Company recognised directly in equity										
Share-based compensation	—	—	—	—	—	24,187	—	24,187	—	24,187
Dividend relating to the year ended 31 December 2011	—	—	—	—	—	—	(73,936)	(73,936)	—	(73,936)
Total contributions by and distributions to equity holders of the Company	—	—	—	—	—	24,187	(73,936)	(49,749)	—	(49,749)
Non-controlling interests arising on business combination	—	—	—	—	—	—	—	—	464	464
Total transactions with owners	—	—	—	—	—	24,187	(73,936)	(49,749)	464	(49,285)
Balance at 31 December 2012	73,936	2,341	2,675,788	(35,481)	354,569	118,673	1,264,180	4,454,006	992	4,454,998

The notes on pages 49 to 154 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	36(a)	**375,494**	505,786
Income tax paid		**(54,914)**	(176,020)
Net cash generated from operating activities		**320,580**	329,766
Cash flows from investing activities			
Purchases of property, plant and equipment		**(705,581)**	(1,870,595)
Purchases of leasehold lands and land use rights		**—**	(39,647)
Capital injection to jointly controlled entities		**(104,470)**	(294,530)
Capital reduction from a jointly controlled entity		**18,805**	—
Net proceeds received from joint venture partners	36(b), (c)	**145,796**	716,212
Net proceeds from disposal of subsidiaries	36(d)	**3,220**	—
Acquisition of subsidiaries, net of cash acquired	36(e)	**(48,305)**	—
Prepayment for acquisition of a subsidiary		**(4,316)**	—
Net proceeds from disposal of property, plant and equipment	36(f)	**462**	344
Net proceeds from disposal of financial assets at fair value through profit or loss		**1,585**	762
Dividends received from jointly controlled entities		**11,062**	18,805
Loan granted to associates		**(24,029)**	—
Loan repayments received from associates		**61,453**	—
Loan granted to jointly controlled entities		**(307,456)**	—
Loan repayments received from jointly controlled entities		**242,577**	—
Loan granted to third parties		**(48,683)**	—
Loan repayments received from third parties		**2,000**	—
Receipt of government grants		**—**	21,165
Interest received		**8,458**	5,680
Net cash used in investing activities		**(747,422)**	(1,441,804)

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31 December 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Cash flows from financing activities			
Repurchase of ordinary shares		**—**	(2,333)
Net proceeds from exercise of share options		**—**	3,310
Proceeds from borrowings		**400,248**	1,791,112
Repayment of borrowings		**(156,318)**	(293,489)
Dividend paid to equity holders of the Company	*14*	**(73,936)**	—
Interest paid		**(76,138)**	(64,899)
Net cash generated from financing activities		**93,856**	1,433,701
Net (decrease)/increase in cash and cash equivalents		**(332,986)**	321,663
Cash and cash equivalents at beginning of the year		**1,063,541**	732,544
Exchange gain on cash and cash equivalents		**612**	9,334
Cash and cash equivalents at end of the year		**731,167**	1,063,541
Analysis of balances of cash and cash equivalents			
Cash and bank balances	*26*	**731,167**	1,063,541

The notes on pages 49 to 154 are an integral part of these consolidated financial statements.

Notes to the 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 22 March 2013.

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 available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

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.

Notes to the Consolidated Financial Statements

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

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures

During the year, there have been a number of new or revised standards, amendments to standards and interpretations that have come into effect, for which the Group has adopted such at their respective effective dates. There are no HKFRSs that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

The following new standards, amendments to standards and interpretation which have been issued by the HKICPA as of 31 December 2012 may impact to the Group in future years but are not yet effective for the year ended 31 December 2012 and have not early adopted in these financial statements:

		Applicable accounting period to the Group
HKAS 1 (Amendment)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income	2013
HKAS 19 (2011)	Employee Benefits	2013
HKAS 27 (2011)	Separate Financial Statements	2013
HKAS 28 (2011)	Investment in Associates and Joint Ventures	2013
HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities	2014
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities	2013
HKFRS 9	Financial Instruments	2015
HKFRS 10	Consolidated Financial Instruments	2013
HKFRS 11	Joint Arrangements	2013
HKFRS 12	Disclosures of Interest in Other Entities	2013
HKFRS 13	Fair Value Measurements	2013
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine	2013
Annual Improvements 2009-2011 Cycle		2013

Notes to the Consolidated Financial Statements

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

2.1 Basis of preparation *(Continued)*

Change in accounting policy and disclosures *(Continued)*

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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

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.

Acquisition-related costs are expensed as incurred.

Notes to the Consolidated Financial Statements

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

2.2 Consolidation *(Continued)*

(a) ***Subsidiaries*** *(Continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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).

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.

Notes to the Consolidated Financial Statements

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

2.2 Consolidation *(Continued)*

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

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.

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

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

Notes to the Consolidated Financial Statements

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

2.2 Consolidation *(Continued)*

(c) Disposal/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 Exchanges, 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$.

Notes to the Consolidated Financial Statements

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

2.4 Foreign currency translation *(Continued)*

(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.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(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.

Notes to the Consolidated Financial Statements

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

2.4 Foreign currency translation *(Continued)*

(c) ***Group companies*** *(Continued)*

On consolidation, exchange differences arising from translation of inter-company loan balances between group entities are recognised in other comprehensive income and accumulated 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 JCE 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.

Notes to the Consolidated Financial Statements

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

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.

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.

Notes to the Consolidated Financial Statements

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

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.

(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.

Notes to the Consolidated Financial Statements

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

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

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets 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, loans and receivables and available-for-sale. 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.

(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 and bill 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).

Notes to the Consolidated Financial Statements

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

2.9 Financial assets *(Continued)*

(c) Available-for-sale financial assets

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

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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the available-for-sale financial assets and financial assets at fair value through profit or loss categories are presented in the consolidated income statement within 'other gains, net' in the period in which they arise.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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.

Notes to the Consolidated Financial Statements

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

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period 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.

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.

Notes to the Consolidated Financial Statements

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

2.10 Impairment of financial assets *(Continued)*

(a) ***Assets carried at amortised cost*** *(Continued)*

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.

(b) ***Assets classified as available for sale***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through 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.

Notes to the Consolidated Financial Statements

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

2.12 Construction contracts

A construction contract is defined by HKAS11 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.

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 and bill 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.

Notes to the Consolidated Financial Statements

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

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, bill 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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

2.19 Current and deferred income tax *(Continued)*

Deferred income tax is 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.

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.

Notes to the Consolidated Financial Statements

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

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.

Notes to the Consolidated Financial Statements

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

2.20 Employee benefits *(Continued)*

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

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.

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.

Notes to the Consolidated Financial Statements

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

2.21 Provisions

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

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

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

2.22 Revenue recognition

Revenue 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 discounts and 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.

(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).

Notes to the Consolidated Financial Statements

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

2.22 Revenue recognition *(Continued)*

(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) Electricity income is recognised when electricity is supplied to provincial grid companies.

(vii) Sales of carbon emission rights are recognised at their fair value where there is a reasonable assurance that the price of carbon emission rights is determined and the Group has delivered the rights to the buyers through verification.

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 income statement on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements

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

2.24 Leases *(Continued)*

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

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

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to the 'actuarial method'. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in 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 equity holders or directors, where appropriate.

2.26 Comparative figures

The comparative figures in the Group's consolidated income statement relating to the exchange gains, net which have been previously classified under 'other expenses', is now separately presented in order to conform to the current year's presentation for a better understanding of the Group's activities. This reclassification has no effect on the Group's consolidated balance sheets as at both 31 December 2012 and 2011, or the Group's profit or cash flows for the years ended 31 December 2012 and 2011.

Notes to the Consolidated Financial Statements

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 2012, the Group's financial instruments mainly consisted of trade and bills receivables, deposits and other receivables, amounts due from/to associates, amounts due from/ to JCEs, loans to JCEs, cash and cash equivalents, trade and bill payables, other payables and accruals and borrowings. Details of these financial instruments are disclosed in Note 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 2012 and 2011, certain trade and other receivables, bank balances, loan to a JCE, other payables and accruals and bank borrowings are denominated in United States dollars ("US$") and hence exposed to foreign exchange risk. Details of the Group's trade and other receivables, bank balances, loan to a JCE, other payables and accruals and bank borrowings denominated in foreign currencies are disclosed in Notes 20, 26 and 30, respectively.

As at 31 December 2012, 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$2,984,000 (2011: HK$1,622,000), mainly as a result of foreign exchange gains/losses on translation of US$ denominated trade and other receivables, bank balances, loan to a JCE, other payables and accruals and bank borrowings.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

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

(ii) Cashflow and fair value interest rate risk

Cashflow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate 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 26 and 30. 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$976,000 (2011: HK$2,398,000). This is mainly attributable to the Group's exposure to interest income/expenses on floating rate bank balances and borrowings.

(b) ***Credit risk***

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

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

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

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

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

The credit risk on 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 2012, the Group has available unutilised bank and other loans facilities of approximately HK$775,633,000 (2011: HK$516,206,000).

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.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

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

As at 31 December 2012

	Group				
	Less than 3 months	**3-6 months**	**6-12 months**	**1-2 years**	**Over 2 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade and bill payables	1,007,791	—	—	—	—
Other payables and accruals	286,336	—	—	—	—
Amounts due to associates	48,055	—	—	—	—
Amounts due to JCEs	14,114	—	—	—	—
Borrowings	19,595	78,278	73,619	976,658	553,959

	Company				
	Less than 3 months	**3-6 months**	**6-12 months**	**1-2 years**	**Over 2 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Other payables and accruals	19,599	—	—	—	—
Amounts due to subsidiaries	105,686	—	—	—	—
Borrowings	14,741	14,741	29,483	939,250	—

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.1 Financial risk factors *(Continued)*

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

As at 31 December 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*
Other payables and accruals	18,783	—	—	—	—
Amounts due to subsidiaries	12,494	—	—	—	—
Borrowings	1,050	14,744	29,489	58,977	939,935

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.2 Capital risk management

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

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

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

The Group's total borrowings and total capital positions as at 31 December 2012 and 2011 were as follows:

	2012	2011
	HK$'000	*HK$'000*
Total borrowings	**1,382,087**	1,131,036
Total equity	**4,454,998**	4,474,382
Total capital	**5,837,085**	5,605,418
Gearing ratio	**24%**	20%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2012				
Available-for-sale financial assets *(Note 23)*	—	—	2,775	2,775

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Financial instruments valued with reference to the quoted market price are included in level 1.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Notes to the Consolidated Financial Statements

3. Financial risk management *(Continued)*

3.3 Fair value estimation *(Continued)*

Note that all the fair value estimates on the available-for-sale financial assets are included in level 3.

The following table presents the changes in level 3 instruments for the year ended 31 December 2012.

	Available-for-sale financial assets *HK$'000*	**Total** *HK$'000*
Opening balance	—	—
Additions	**2,775**	**2,775**
Gains and losses recognised in profit or loss	—	—
Closing balance	**2,775**	**2,775**
Total gains or losses for the year including in profit or loss for assets held at the end of the reporting period	—	—

Notes to the Consolidated Financial Statements

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.

As detailed in Note 11, the investigation department of the local PRC tax bureau ("Investigation Department") initiated a tax audit on a wholly-owned subsidiary of the Group located in the PRC and issued an assessment to request an additional Corporate Income Tax ("CIT") of RMB11,402,000 (equivalent to approximately HK$14,014,000) for year 2009 relating to the apportionment basis adopted by the Group in allocating the profit between head quarter and branch of this subsidiary in its region, which has been settled during the current year. Subsequent to the tax audit, management has reassessed the potential tax exposure for being challenged by Investigation Department under the same basis in connection with the tax provisions for years 2010 and 2011 and accordingly additional provisions of RMB10,495,000 (equivalent to approximately HK$12,899,000) and RMB3,652,000 (equivalent to approximately HK$4,489,000) have been made, respectively, against these exposures. Due to the uncertainty inherent in a tax audit where the outcome of the tax audit may be different from the amounts that were provided, such differences would impact the income tax provisions in the year in which such determination is made.

Notes to the Consolidated Financial Statements

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

(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;
— available-for-sale financial assets; 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.

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.

Notes to the Consolidated Financial Statements

5. Segment information

(a) Business segments

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 perspectives. Summary of details of the operating segments is 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.

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 income and expenditure from the operating segments.

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

Segment liabilities comprise payables, borrowings, current income tax liabilities and deferred government grant 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.

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(a) Business segments *(Continued)*

For the year ended 31 December 2012

	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	328,374	23,640	4,473	(356,487)	—
Sales to external customers	815,909	91,532	129,314	63,064	1,099,819
Segment results	(32,071)	4,895	48,348	(17,579)	3,593
Finance income	2,297	814	34	1,477	4,622
Other gains, net	—	(6,542)	—	205,011	198,469
Unallocated income					21,784
Unallocated expenses					(95,093)
Finance costs	(8,627)	(5,805)	—	(5,871)	(20,303)
Profit before income tax					113,072
Income tax expense	(25,363)	(32,863)	(2,360)	(11,574)	(72,160)
Profit for the year					40,912
Segment assets	1,462,323	484,372	295,307	5,135,378	7,377,380
Unallocated assets					130,646
Total assets					7,508,026
Segment liabilities	(1,435,426)	(109,888)	(10,514)	(559,419)	(2,115,247)
Unallocated liabilities					(937,781)
Total liabilities					(3,053,028)

Other segment information					Unallocated	Total
Additions to non-current assets (other than financial instruments and deferred tax assets)	15,769	3,108	6,141	382,436	3	407,457
Depreciation of property, plant and equipment	22,755	7,537	3,111	29,117	293	62,813
Amortisation of other intangible asset and prepaid operating lease payment	5,214	501	—	—	119	5,834
Loss on disposal of property, plant and equipment	446	5	—	—	—	451
Share-based compensation	11,396	700	1,014	6,703	4,374	24,187

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(a) Business segments *(Continued)*

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	—	(13,551)	—	296,654	283,103
Unallocated income					14,575
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	Total
Additions to non-current assets (other than financial instruments and deferred tax assets)	67,299	120,878	4,629	2,144,783	57	2,337,646
Depreciation of property, plant and equipment	14,979	6,282	2,466	3,786	551	28,064
Amortisation of other intangible asset and prepaid operating lease payment	3,573	435	—	154	117	4,279
Loss on disposal of property, plant and equipment	—	144	2	—	—	146
Share-based compensation	16,120	1,632	1,804	9,112	23,442	52,110

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(b) Geographical segments

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

Management considers the geographical segments with revenue derived from different locations, which determined by the country in which the customer is operated. Engineering, procurement and construction is operated in three main geographical segments, including the PRC, Canada and Ghana. The Group's equipment manufacturing and power plant operation and maintenance activities are operated in the PRC, while investment in power plants is operated in the PRC and the United States of America. There are no sales between geographical segments.

Total assets and capital expenditures are allocated based on the geographical location of the assets, mainly located in the PRC and the locations including the United States of America, Hong Kong, Canada, Ghana and Philippines.

The Group's revenue, total assets and capital expenditures by locations are analysed as follows:

	2012			2011		
	Revenue	**Total assets**	**Capital expenditures**	Revenue	Total assets	Capital expenditures
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
The PRC	**1,025,615**	**6,083,236**	**405,361**	959,046	7,150,777	2,336,697
Others	**74,204**	**1,424,790**	**2,096**	—	350,716	949
	1,099,819	**7,508,026**	**407,457**	959,046	7,501,493	2,337,646

Notes to the Consolidated Financial Statements

5. Segment information *(Continued)*

(c) Major customers

Two (2011: three) single external customers contribute more than 10% revenue of the Group. These revenues are attributable to the engineering, procurement and construction and equipment manufacturing segments. The revenues of these customers are summarised below:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**308,506**	N/A
Customer B	**207,650**	167,646
Customer C	**N/A**	158,994
Customer D	**N/A**	139,581

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	
	2012	2011
	HK$'000	*HK$'000*
Revenue	**1,099,819**	959,046
Other income		
Interest income	**13,485**	5,680
Subletting income	**4,019**	8,245
Government grants *(Note)*	**6,267**	3,617
Others	**1,050**	551
	24,821	18,093

Notes to the Consolidated Financial Statements

6. Revenue and other income *(Continued)*

Note:

For the year ended 31 December 2012, the Group obtained government grants of HK$5,530,000 and recognised as income from the PRC government to subsidise for technical development and support. For the year ended 31 December 2011, the Group obtained government grants of HK$3,047,000 and recognised as income from the PRC government to subsidise for investments in the PRC.

In addition, another government grant of HK$18,118,000 was received from the PRC government during the year ended 31 December 2011 as financial subsidies for investments in the PRC which is recognised as income over the expected useful life of the relevant properties of 20 years (Note 35). During the year, HK$737,000 (2011: HK$570,000) was recognised as income.

7. Other gains, net and exchange gains, net

An analysis of other gains, net and exchange gains, net is as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
		(Note 2)
Other gains, net		
Gain on businesses or assets contribution to JCEs *(Note 36(b))*	**127,132**	296,693
Gain on partial disposal of JCEs *(Note 36(c))*	**51,330**	—
Gain/(loss) on disposal of subsidiaries, net *(Note 36(d))*	**26,549**	(39)
Other professional fees	**(6,542)**	(13,551)
Net realised gains on disposal of financial assets at fair value through profit or loss	**1,585**	762
	200,054	283,865
Exchange gains, net		
Exchange gain on partial repayments of shareholders' loans	**—**	20,903
Others	**38**	1,020
	38	21,923

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' and chief executive's emoluments)

	Group	
	2012	2011
	HK$'000	*HK$'000*
Wages, salaries and bonuses	**145,497**	169,668
Pension costs — defined contribution plans *(Note (i))*	**21,226**	23,945
Share-based compensation *(Note 32)*	**24,187**	52,110
	190,910	245,723
Less: Employee benefit expense capitalised *(Note (ii))*	**(33,561)**	(55,487)
	157,349	190,236

Notes:

(i) As at 31 December 2012, the Group had no significant forfeited contributions available to reduce its contributions to the pension scheme in future years (2011: Same).

(ii) For the year ended 31 December 2012, employee benefit expense of HK$13,262,000 (2011: HK$11,957,000) has been recognised as unrealised profits or losses on transactions between the Group and its associates and JCEs under interests in associates and JCEs (Notes 19 and 20). In addition, employee benefit expense of HK$20,299,000 (2011: HK$43,530,000) has 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 27) as at 31 December 2012.

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' and chief executive's emoluments) *(Continued)*

(a) Directors' and chief executive's emoluments

Details of directors' and chief executive's emoluments are set out below:

	Group For the year ended 31 December 2012				
	Fees *HK$'000*	Basic salaries, bonuses, allowances and benefits *HK$'000*	Employer's contribution to pension schemes *HK$'000*	Share-based compensation *(Note (iv))* *HK$'000*	Total *HK$'000*
Chairman					
Liu Shunxing *(Note (i))*	—	2,355	—	2,290	4,645
Executive directors					
Ko Chun Shun, Johnson	—	1,305	14	82	1,401
Wang Xun	—	1,815	—	1,530	3,345
Yang Zhifeng	—	1,815	—	1,530	3,345
Liu Jianhong	—	1,852	—	1,530	3,382
Yu Weizhou	—	1,479	—	1,483	2,962
Zhou Zhizhong *(Note (iii))*	—	1,478	—	1,434	2,912
Ko Wing Yan, Samantha	—	930	14	605	1,549
Chan Kam Kwan, Jason	—	325	14	187	526
Non-executive director					
Tsoi Tong Hoo, Tony	144	—	—	177	321
Independent non-executive directors					
Zhou Dadi	144	—	—	165	309
Wong Yau Kar, David, BBS, JP	144	—	—	145	289
Yap Fat Suan,Henry	144	—	—	145	289
Shang Li (*Note (ii)*)	—	—	—	—	—
Huang Jian *(Note (ii))*	—	—	—	—	—
	576	13,354	42	11,303	25,275

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' and chief executive's emoluments) *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

	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$'000*	Share-based compensation *(Note (iv))* *HK$'000*	Total *HK$'000*
Chairman					
Liu Shunxing *(Note (i))*	—	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 (iii))*	—	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					
Zhou Dadi	144	—	—	301	445
Wong Yau Kar, David, BBS. JP	144	—	—	277	421
Yap Fat Suan, Henry	144	—	—	277	421
	576	14,908	36	19,853	35,373

Notes:

(i) The chief executive is also the director of the Company, no separate disclosure in respect of the remuneration of the chief executive has been made (2011: Same).

(ii) Dr. Shang Li and Ms. Huang Jian were appointed as independent non-executive directors on 27 December 2012.

(iii) Mr. Zhou Zhizhong was appointed as an executive director on 28 June 2011.

(iv) It 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.

Save as those emoluments presented above, no other fees or emoluments have been paid or will be paid to the independent non-executive directors in respect of the current year (2011: Same).

Notes to the Consolidated Financial Statements

8. Employee benefit expense (including directors' and chief executive's emoluments) *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 December 2012, 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 (2011: Same).

Details of share options granted to the directors are set out in Note 32 to the consolidated financial statements.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2011: five) directors whose emoluments are reflected in the analysis presented above.

9. Finance costs

	Group	
	2012	2011
	HK$'000	*HK$'000*
Interest expenses:		
— Bank borrowings, wholly repayable within five years	**14,432**	16,728
— Bank borrowings, not wholly repayable within five years	**5,871**	—
— Guaranteed bond, wholly repayable within five years	**65,682**	48,171
— Other loans, not wholly repayable within five years	**—**	28,612
	85,985	93,511
Less: Interest capitalised *(Note)*	**—**	(28,612)
	85,985	64,899

Note:

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

Notes to the Consolidated Financial Statements

10. Profit before income tax

Profit before income tax is stated after charging the following:

	Group 2012 HK$'000	2011 HK$'000
Cost of construction	**157,260**	235,046
Cost of inventories sold	**634,478**	333,496
Depreciation of property, plant and equipment *(Note 15)*	**43,910**	13,378
Amortisation of prepaid operating lease payment *(Note 16)*	**2,643**	1,234
Amortisation of other intangible asset *(Note 17)*	**119**	117
Auditor's remuneration	**3,292**	3,196
Business taxes and other levies	**15,359**	24,942
Professional fee	**16,537**	13,110
Travelling expenses	**9,126**	9,967
Others	**244,106**	250,289
	1,126,830	884,775

11. Income tax expense

	Group 2012 HK$'000	2011 HK$'000
Current tax		
— PRC corporate income tax	**39,710**	94,778
— Withholding tax	**3,923**	44,640
— Adjustments in respect of prior years *(Note)*	**31,894**	958
	75,527	140,376
Deferred tax *(Note 34)*	**(3,367)**	(8,295)
	72,160	132,081

Note:

In 2012, the investigation department of the local PRC tax bureau ("Investigation Department") initiated a tax audit on a wholly-owned subsidiary of the Group. The Group has then received an additional Corporate Income Tax ("CIT") assessment of RMB11,402,000 (equivalent to approximately HK$14,014,000) for year 2009 relating to the apportionment basis adopted by the Group in allocating the profit between head quarter and branch of this subsidiary in its region, which has been settled during the current year.

Subsequent to the tax audit, management has reassessed the potential tax exposure for being challenged by Investigation Department under the same basis in connection with the tax provisions for years 2010 and 2011 and accordingly additional provisions of RMB10,495,000 (equivalent to approximately HK$12,899,000) and RMB3,652,000 (equivalent to approximately HK$4,489,000) have been made, respectively, against these potential tax exposures.

Notes to the Consolidated Financial Statements

11. Income tax expense *(Continued)*

Note: (Continued)

The Group has adopted the appointment basis concluded by Investigation Department in the current year.

PRC corporate income tax is provided for at the rate of 25% (2011: 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.

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	
	2012	2011
	HK$'000	*HK$'000*
Profit before income tax	**113,072**	504,290
Tax calculated at domestic tax rates applicable to profits in the respective locations *(Note)*	**26,969**	118,315
Tax effects of associates' and JCEs' results reported net of tax	**(1,074)**	(38,566)
Effects of tax holiday on assessable profits of subsidiaries incorporated in the PRC	**(48,850)**	(36,637)
Income not subject to tax	**(42,172)**	(26,849)
Expenses not deductible for tax purposes	**25,103**	18,990
Tax losses for which no deferred tax asset was recognised	**1,194**	4,405
Utilisation of previously unrecognised tax losses	**—**	(84)
Temporary differences resulting from unrealised gains on transactions between the Group and its associates and JCEs for which no deferred tax asset was recognised	**75,173**	46,909
Recognition of withholding tax in current year	**3,923**	44,640
Adjustments in respect of prior years	**31,894**	958
	72,160	132,081

Note: The weighted average applicable tax rate for the year was 23.85% (2011: 23.46%). 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.

Notes to the Consolidated Financial Statements

12. Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company for the year ended 31 December 2012 is dealt with in the financial statements of the Company to the extent of HK$75,473,000 (2011: HK$84,680,000).

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.

	2012	2011
Profit attributable to equity holders of the Company *(HK$'000)*	**40,386**	372,209
Weighted average number of ordinary shares in issue *(thousands)*	**7,393,595**	7,394,195
Basic earnings per share attributable to equity holders of the Company *(HK cents per share)*	**0.55**	5.03

(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.

Notes to the Consolidated Financial Statements

13. Earnings per share *(Continued)*

(b) Diluted *(Continued)*

	2012	2011
Profit used to determine diluted earnings per share *(HK$'000)*	**40,386**	372,209
Weighted average number of ordinary shares in issue *(thousands)*	**7,393,595**	7,394,195
Adjustment for:		
— effect of dilutive potential shares issuable under the Company's share option scheme *(thousands)*	**—**	50,069
Weighted average number of ordinary shares used to determine diluted earnings per share *(thousands)*	**7,393,595**	7,444,264
Diluted earnings per share attributable to equity holders of the Company *(HK cents per share)*	**0.55**	5.00

14. Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2012.

A final dividend of HK1.0 cent per ordinary share, amounting to a total dividend of HK$73,936,000, in respect of the year ended 31 December 2011, was approved by the shareholders of the Company at the annual general meeting on 31 May 2012. These consolidated financial statements have not reflected this dividend payable as at 31 December 2011. The final dividend in respect of the year ended 31 December 2011 was distributed and paid during the year ended 31 December 2012.

Notes to the Consolidated Financial Statements

15. Property, plant and equipment — Group and Company

Group

	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost						
As at 1 January 2012	233,517	27,550	145,364	47,008	881,566	1,335,005
Acquisition of subsidiaries	—	—	26,785	253	—	27,038
Additions	972	1,262	22,124	11,247	371,852	407,457
Disposals	—	—	(848)	(1,093)	—	(1,941)
Transfer from construction in progress	167,635	—	487,532	—	(655,167)	—
Loss of control over subsidiaries	(173,196)	(607)	(1,938)	(9,109)	(230,214)	(415,064)
Exchange differences	(59)	(2)	1,865	(4)	(1,924)	(124)
As at 31 December 2012	228,869	28,203	680,884	48,302	366,113	1,352,371
Accumulated depreciation						
As at 1 January 2012	10,198	8,479	15,924	13,443	—	48,044
Charge during the year	10,855	4,685	37,564	9,709	—	62,813
Disposals	—	—	(182)	(846)	—	(1,028)
Loss of control over subsidiaries	(2,889)	(1)	(336)	(2,150)	—	(5,376)
Exchange differences	25	15	187	21	—	248
As at 31 December 2012	18,189	13,178	53,157	20,177	—	104,701
Net book value						
As at 31 December 2012	210,680	15,025	627,727	28,125	366,113	1,247,670

Notes to the Consolidated Financial Statements

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 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

For the year ended 31 December 2012, depreciation of HK$43,910,000 (2011: HK$13,378,000) has been charged in 'depreciation and amortisation' in the consolidated income statement and depreciation of HK$7,566,000 (2011: HK$2,602,000) has been recognised as unrealised profits or losses on transactions between the Group and its associates and JCEs under interests in associates and JCEs (Notes 19 and 20). In addition, depreciation of HK$11,337,000 (2011: HK$12,084,000) 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 27) as at 31 December 2012.

Notes to the Consolidated Financial Statements

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

Group *(Continued)*

As at 31 December 2012, bank borrowings are secured on buildings and equipments for the net book value of HK$77,214,000 (2011: HK$120,167,000) and HK$477,927,000 (2011: HK$9,530,000), respectively (Note 30).

Company

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Total *HK$'000*
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
Cost			
As at 1 January 2012	**1,351**	**28**	**1,379**
Exchange differences	**—**	**—**	**—**
As at 31 December 2012	**1,351**	**28**	**1,379**
Accumulated depreciation			
As at 1 January 2012	**1,351**	**25**	**1,376**
Charge during the year	**—**	**3**	**3**
Exchange differences	**—**	**—**	**—**
As at 31 December 2012	**1,351**	**28**	**1,379**
Net book value			
As at 31 December 2012	**—**	**—**	**—**

Notes to the Consolidated Financial Statements

16. Leasehold lands and land use rights

	Group
	HK$'000
Net book amount as at 1 January 2011	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
Amortisation of prepaid operating lease payment	(5,715)
Exchange differences	(48)
Net book amount as at 31 December 2012	148,947

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	
	2012	2011
	HK$'000	*HK$'000*
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**148,947**	154,710

For the year ended 31 December 2012, amortisation of HK$2,643,000 (2011: HK$1,234,000) has been charged in 'depreciation and amortisation' in the consolidated income statement and amortisation of HK$2,651,000 (2011: HK$735,000) has been recognised as unrealised profits or losses on transactions between the Group and its associates and JCEs under interests in associates and JCEs (Notes 19 and 20). In addition, amortisation of HK$421,000 (2011: HK$2,193,000) has been capitalised as construction in progress under property, plant and equipment (Note 15) and work in progress under inventories (Note 21) as at 31 December 2012.

As at 31 December 2012, bank borrowings are secured on leasehold lands and land use rights for the net book amount of HK$106,067,000 (2011: HK$132,067,000) (Note 30).

Notes to the Consolidated Financial Statements

17. Intangible assets

	Group		
	Goodwill	Other intangible asset	Total
	HK$'000	*HK$'000*	*HK$'000*
Net book amount as at 1 January 2011	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
Amortisation	—	(119)	(119)
Acquisition of subsidiaries	3,312	—	3,312
Loss of control over subsidiaries	(1,846)	—	(1,846)
Partial disposal of JCEs	(1,204)	—	(1,204)
Exchange differences	(243)	(1)	(244)
Net book amount as at 31 December 2012	**1,322,969**	**1,821**	**1,324,790**

Goodwill arisen from the acquisition of China Wind Power Holdings Limited ("China Wind Power") and its subsidiaries (collectively "China Wind Power Group"), which 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. During the year, the Group has recognised additional goodwill of HK$3,312,000 in relation to the acquisition of Liaoning Liaoneng Lifting Engineering Co., Ltd. ("Liaoning Liaoneng") which was completed on 19 July 2012 and allocated to the operation of engineering and construction.

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% (2011: 10.6%). Cash flows beyond the ten-year period are extrapolated using a steady growth rate of 8% (2011: 14%). Other key assumptions include projected installation capacity in the coming ten years with annual growth rate of 8% (2011: 14%), 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.

Notes to the Consolidated Financial Statements

17. Intangible assets *(Continued)*

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 2012 (2011: Same). Had the revenue used in cash flow projections been 10% (2011: 10%) lower than management's estimate, no additional impairment loss of goodwill should be recognised by the Group (2011: 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 2012, amortisation of HK$119,000 (2011: HK$117,000) has been charged in 'depreciation and amortisation' in the consolidated income statement.

18. Interests in subsidiaries

	Company	
	2012	2011
	HK$'000	*HK$'000*
Non-current assets		
Unlisted shares, at cost *(Note (i))*	**6,706**	6,706
Loans to subsidiaries *(Note (ii))*	**1,493,710**	1,547,509
	1,500,416	1,554,215
Current assets/(liabilities)		
Amounts due from subsidiaries *(Note (iii))*	**1,034,380**	1,016,561
Amounts due to subsidiaries *(Note (iv))*	**(105,686)**	(12,494)

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries *(Continued)*

Notes:

(i) As at 31 December 2012, particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
CCH Wind Power Holdings Ltd.	British Virgin Islands, limited company	1 ordinary share of US$1	100%	—	Investment holding
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
CWP Holdings Ltd.	Hong Kong, limited company	1 ordinary share of HK$1	—	100%	Investment holding
Hoku Solar Power I, LLC.	The United States of America, limited company	—	—	80%	Solar power plant operation
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 foreign owned 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

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries *(Continued)*

Notes: (Continued)

(i) As at 31 December 2012, particulars of the principal subsidiaries are as follows: *(Continued)*

Name	Place of incorporation/ registration and operations and kind of legal entity	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Tianjin Century Concord Wind Power Investment Co., Ltd. 天津協合風電投資有限公司	The PRC, wholly foreign owned 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 foreign owned 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
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 foreign owned 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
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

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries *(Continued)*

Notes: (Continued)

(i) As at 31 December 2012, 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 foreign owned 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 foreign owned 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 foreign owned 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 foreign owned enterprise	Registered capital of RMB20,000,000	—	100%	Wind power plant operation and maintenance
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 RMB144,000,000	—	100%	Solar power plant investment and operation
Liaoning Liaoneng Lifting Engineering Co., Ltd. 遼寧遼能起重工程有限公司	The PRC, limited company	Registered capital of RMB20,000,000	—	100%	Leasing of machinery and equipment
Beijing Dongli Xiehe Technology Development Co., Ltd. 北京動力協合科技有限公司	The PRC, limited company	Registered capital of RMB5,000,000	—	100%	Wind power research and development in wind power technology

Notes to the Consolidated Financial Statements

18. Interests in subsidiaries *(Continued)*

Notes: (Continued)

(i) As at 31 December 2012, 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 Yuhe CWP Power Engineering Co., Ltd. 吉林省宇合電力工程安裝有限公司	The PRC, limited company	Registered capital of RMB10,000,000	—	100%	Power plant facilities installation
Wuwei Century Concord Solar Power Co., Ltd. 武威協合太陽能發電有限公司	The PRC, limited company	Registered capital of RMB5,000,000	—	100%	Solar power plant investment and operation
EG Solar Power Inc.	Canada, limited company	Registered capital of CAD1	—	60%	Solar power plant investment and operation
TEMA Renewable Energy Ltd.	Ghana, limited company	Registered capital of GHC1	—	100%	Power plant engineering, procurement and construction
CWP Renewable Energy Equipment Supply Ltd.	British Virgin Islands, limited company	Registered capital of US$1	—	100%	Equipment procurement and sales

CAD = Canadian dollars
GHC = Ghanaian Cedis

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.

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

(iii) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from subsidiaries approximate their fair values and approximately 88% (2011: 77%), 10% (2011: 22%) and 2% (2011: 1%) of the total carrying amounts are denominated in RMB, HK$ and US$, respectively.

(iv) Amounts due to subsidiaries include the trade payables to subsidiaries of HK$7,906,000 (2011: Nil). All trade payables to subsidiaries are with ageing by invoice date less than three months.

Other balances due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due to subsidiaries approximate to their fair values and approximately 96% (2011: 61%) and 4% (2011: 39%) of the total carrying amounts are denominated in RMB and HK$, respectively.

Notes to the Consolidated Financial Statements

19. Interests in associates

	Group 2012 HK$'000	Group 2011 HK$'000
Non-current assets		
Share of net assets of associates *(Note (i) and (v))*	**302,859**	142,924
Current assets/(liabilities)		
Amounts due from associates *(Note (ii))*	**6,434**	6,199
Amounts due from associates for contract work *(Notes (iii) and 27)*	**25,453**	—
	31,887	6,199
Amounts due to associates *(Note (iv))*	**(158,749)**	(24,385)

Notes:

(i) As at 31 December 2012, 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	US$24,819,000	25%	Wind power plant investment and operation
Chaoyang Wind Power Development Service Co., Ltd. 朝陽風電開發服務有限公司	The PRC, limited company	RMB1,800,000	11% *(Note a)*	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

19. Interests in associates *(Continued)*

Notes: (Continued)

(i) As at 31 December 2012, 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
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
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	30%	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	30%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

19. Interests in associates *(Continued)*

Notes: (Continued)

(i) As at 31 December 2012, particulars of the principal associates are as follows: *(Continued)*

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

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

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

(ii) Amounts due from associates mainly represent trade receivables from associates of HK$4,892,000 (2011: HK$5,039,000). Trade receivables from associates with ageing by invoice date less than three months are not considered impaired. As at 31 December 2012, trade receivables of HK$316,000 (2011: HK$349,000) were fully performing. As at 31 December 2012, trade receivables of HK$4,576,000 (2011: HK$4,690,000) 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.

(iii) Amounts due from associates for contract work are cost of constructions incurred but not yet billed.

(iv) Amounts due to associates include the trade deposits received from associates of HK$110,694,000 (2011: HK$269,000).

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.

(v) The Group's share of net assets of associates 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.

Notes to the Consolidated Financial Statements

19. Interests in associates *(Continued)*

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

	2012	2011
	HK$'000	*HK$'000*
Total assets	**2,573,105**	897,140
Total liabilities	**(1,232,818)**	(143,229)
Net assets	**1,340,287**	753,911
Revenue	**115,740**	63,909
Expenses	**(109,145)**	(58,503)
Profit for the year	**6,595**	5,406

20 . Interests in jointly controlled entities — Group and Company

	Group	
	2012	2011
	HK$'000	*HK$'000*
Non-current assets		
Share of net assets of JCEs *(Notes (i) and (vii))*	**1,455,337**	1,831,182
Loan to a JCE *(Note (ii))*	**51,774**	49,448
	1,507,111	1,880,630
Current assets/(liabilities)		
Amounts due from JCEs *(Note (iii))*	**620,449**	500,096
Amounts due from JCEs for contract work *(Notes (iv) and 27)*	**39,333**	77,651
Loans to JCEs *(Note (v))*	**344,077**	—
	1,003,859	577,747
Amounts due to JCEs *(Note (vi))*	**(35,491)**	(276,696)

Notes to the Consolidated Financial Statements

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

	Company 2012 HK$'000	Company 2011 HK$'000
Current assets		
Amounts due from JCEs *(Note (iii))*	**297**	865

Notes:

(i) As at 31 December 2012, 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

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(i) As at 31 December 2012, 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
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
Suqian Century Concord New Energy Co., Ltd. 宿遷協合新能源有限公司	The PRC, limited company	RMB30,000,000	49%	50%	Solar 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

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(i) As at 31 December 2012, 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 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	RMB532,200,000	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

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(i) As at 31 December 2012, 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
Gansu Guazhou Century Concord Wind Power Co., Ltd. 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
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	RMB140,000,000	49%	50%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(i) As at 31 December 2012, 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 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

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(i) As at 31 December 2012, 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
Hainanzhou Shineng Photovoltaic Power Co., Ltd. 海南州世能光伏發電有限公司	The PRC, limited company	RMB60,000,000	60%	50%	Solar power plant investment and operation
Haian Century Concord Wind Power Co., Ltd. 海安協合風力發電有限公司	The PRC, limited company	RMB34,690,000	49%	50%	Wind power plant investment and operation
Suzhou Century Concord Wind Power Co., Ltd. 宿州協合風力發電有限公司	The PRC, limited company	RMB10,200,000	49%	50%	Wind power plant investment and operation
Xiaoxian Century Concord Wind Power Co., Ltd. 蕭縣協合風力發電有限公司	The PRC, limited company	RMB10,200,000	49%	50%	Wind power plant investment and operation
Jianghua Yao Autonomous County Century Concord Wind Power Co., Ltd. 江華瑤族自治縣協合風力發電有限公司	The PRC, limited company	RMB12,500,000	69.4%	50%	Wind power plant investment and operation
Jingmen Century Concord Wind Power Co., Ltd. 荊門協合風力發電有限公司	The PRC, limited company	RMB12,500,000	69.4%	50%	Wind power plant investment and operation

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(i) As at 31 December 2012, 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
Hebi Century Concord Junlong Wind Power Co., Ltd. 鶴壁協合浚龍風力發電有限公司	The PRC, limited company	RMB12,500,000	69.4%	50%	Wind power plant investment and operation
Jinchang Century Concord New Energy Co., Ltd. 金昌協合新能源有限公司	The PRC, limited company	RMB2,000,000	50%	50%	Solar power plant investment and operation
Yongchang Century Concord Solar Power Co., Ltd. 永昌協合太陽能發電有限公司	The PRC, limited company	RMB2,000,000	50%	50%	Solar power plant investment and operation
Shandan Century Concord Solar Power Co., Ltd. 山丹協合太陽能發電有限公司	The PRC, limited company	RMB2,000,000	50%	50%	Solar power plant investment and operation
Fuchuan Century Concord Wind Power Co., Ltd. 富川協合風力發電有限公司	The PRC, limited company	RMB1,000,000	50%	50%	Wind power plant investment and operation
Yongren Century Concord Solar Power Co., Ltd. 永仁協合太陽能發電有限公司	The PRC, limited company	RMB5,000,000	50%	50%	Solar power plant investment and operation

Notes to the Consolidated Financial Statements

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

Notes: (Continued)

(ii) Loan to a JCE, Gansu Guazhou Century Concord Wind Power Co., Ltd., is unsecured, interest bearing at 5.3% (2011: 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% (2011: 4.12%).

(iii) Amounts due from JCEs mainly represent trade receivables from JCEs of HK$421,330,000 (2011: HK$281,672,000). Trade receivables from JCEs with ageing by invoice date less than three months are not considered impaired. As at 31 December 2012, trade receivables of HK$322,314,000 (2011: HK$188,530,000) were fully performing. As at 31 December 2012, trade receivables of HK$99,016,000 (2011: HK$93,142,000) 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 97% (2011: 93%) and 3% (2011: 7%) of the total carrying amounts of the Group are denominated in RMB and US$, respectively, while the carrying amount of the Company is denominated in HK$ (2011: Same).

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

(v) Loans to JCEs are unsecured, interest bearing ranging from 5.85% to 10% (2011: Nil) per annum and have no fixed terms of repayment. The carrying amounts of the loans to JCEs approximate their fair values and are denominated in RMB. The weighted effective interest rate on the loans to JCEs was 8.31% (2011: Nil).

(vi) Amounts due to JCEs mainly represent the trade deposits received from JCEs of HK$21,377,000 (2011: HK$202,615,000).

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.

(vii) 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 2012, 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 (2011: Same). The directors of the JCEs believe that the use of and the conduct of relevant activities above mentioned land are not affected by the fact that the relevant land use right certificates have not been obtained. JCEs' directors believe that this will not have any material adverse effect on JCEs' results of operations and financial conditions.

Notes to the Consolidated Financial Statements

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

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

	2012	2011
	HK$'000	*HK$'000*
Assets:		
Non-current assets	**11,293,233**	10,751,124
Current assets	**3,153,105**	2,767,308
	14,446,338	13,518,432
Liabilities:		
Non-current liabilities	**(6,245,066)**	(6,315,442)
Current liabilities	**(4,122,188)**	(2,779,091)
	(10,367,254)	(9,094,533)
Net assets	**4,079,084**	4,423,899
Capital commitments	**2,444,985**	2,042,615
Revenue	**1,086,051**	930,114
Expenses	**(1,161,207)**	(685,814)
(Loss)/profit for the year	**(75,156)**	244,300

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).

Notes to the Consolidated Financial Statements

21. Inventories

	Group 2012 HK$'000	2011 HK$'000
Raw materials	**21,768**	68
Work in progress	**188,112**	131,666
Finished goods	**—**	176,714
	209,880	308,448

The cost of inventories recognised as expense and included in the consolidated income statement amounted to HK$660,103,000 (2011: HK$383,516,000). The directors are of the opinion that the inventories are stated at the lower of cost and net realisable value as at 31 December 2012 (2011: Same).

22. Financial instruments by category — Group and Company

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

	Group 2012 HK$'000	2011 HK$'000
Assets as per balance sheet		
Available-for-sale		
Available-for-sale financial assets *(Note 23)*	**2,775**	—
Loans and receivables		
Trade and bill receivables *(Note 24)*	**367,204**	499,761
Deposits and other receivables *(Note 25)*	**363,447**	123,189
Amounts due from associates *(Note 19)*	**6,434**	6,199
Amounts due from JCEs *(Note 20)*	**620,449**	500,096
Loans to JCEs *(Note 20)*	**395,851**	49,448
Cash and cash equivalents *(Note 26)*	**731,167**	1,063,541
Liabilities as per balance sheet		
Other financial liabilities at amortised cost		
Trade and bill payables *(Note 28)*	**1,007,791**	843,588
Other payables and accruals *(Note 29)*	**286,336**	568,997
Amounts due to associates *(Note 19)*	**48,055**	24,116
Amounts due to JCEs *(Note 20)*	**14,114**	74,081
Borrowings *(Note 30)*	**1,382,087**	1,131,016

Notes to the Consolidated Financial Statements

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

	Company	
	2012	2011
	HK$'000	*HK$'000*
Assets as per balance sheet		
Loans and receivables		
Trade receivables *(Note 24)*	**11,032**	—
Deposits and other receivables *(Note 25)*	**7,452**	669
Amounts due from subsidiaries *(Note 18)*	**1,034,380**	1,061,561
Amounts due from JCEs *(Note 20)*	**297**	865
Cash and cash equivalents *(Note 26)*	**20,548**	27,598
Liabilities as per balance sheet		
Other financial liabilities at amortised cost		
Other payables and accruals *(Note 29)*	**19,599**	18,783
Amounts due to subsidiaries *(Note 18)*	**105,686**	12,494
Borrowings *(Note 30)*	**915,752**	909,428

23. Available-for-sale financial assets

Available-for-sale financial assets include the following:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Unlisted securities:		
Equity securities — the PRC	**2,775**	—

	Group	
	2012	2011
	HK$'000	*HK$'000*
At 1 January	**—**	—
Exchange differences	**—**	—
Loss of joint control of a JCE *(Note 36(d))*	**2,775**	—
At 31 December	**2,775**	—
Less: Non-current portion	**(2,775)**	—
	—	—

Notes to the Consolidated Financial Statements

23. Available-for-sale financial assets *(Continued)*

The carrying amounts of available-for-sale financial assets approximate their fair values and are denominated in RMB. The fair values of unlisted securities are based on cash flows discounted using a rate of 10.9% based on the market interest rate and the risk premium specific to the unlisted securities.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available for sale. None of these financial assets is either past due or impaired.

24. Trade and bill receivables — Group and Company

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**353,042**	499,761	**11,032**	—
Bill receivables	**14,162**	—	**—**	—
	367,204	499,761	**11,032**	—

As at 31 December 2012, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 3 months	**143,013**	430,387	**11,032**	—
3 to 6 months	**23,979**	27,676	**—**	—
6 to 12 months	**26,651**	7,244	**—**	—
Over 1 year	**143,463**	34,211	**—**	—
Over 2 years	**15,936**	243	**—**	—
	353,042	499,761	**11,032**	—

The Group's credit terms granted to customers range from 30 to 180 days. On certain construction revenue and equipment sales projects, the Group generally grants project final acceptance period and retention period to its customers range from 1 to 2 years from the date of acceptance according to the sales agreements signed between the Group and customers.

Notes to the Consolidated Financial Statements

24. Trade and bill receivables — Group and Company *(Continued)*

The carrying amounts of the Group's and the Company's trade and bill receivables approximate their fair values. Approximately 96% (2011: 100%) and 4% (2011: Nil) of the total carrying amounts of the Group are denominated in RMB and US$, respectively, while 100% (2011: Nil) of the total carrying amounts of the Company are denominated in US$.

Trade receivables of the Group and the Company that are not past due and not impaired amounted to HK$273,181,000 (2011: HK$200,120,000) and HK$11,032,000 (2011: Nil), respectively. These balances relate to a wide range of customers for whom there was no recent history of default.

Below is an ageing analysis of trade receivables that are past due as at the reporting date but not impaired:

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 3 months	**61,633**	289,530	**—**	—
3 to 6 months	**62**	9,868	**—**	—
6 to 12 months	**8,056**	243	**—**	—
Over 1 year	**10,110**	—	**—**	—
	79,861	299,641	**—**	—

Trade receivables past due but not impaired relate to a number of independent customers for whom there is no financial difficulty, no recent history of default 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 2012 (2011: Same).

Included in trade receivables as at 31 December 2012, there were HK$19,499,000 (2011: HK$18,356,000) and HK$63,173,000 (2011: HK$52,470,000) retention money held in respect of construction revenue and equipment sales, respectively, in which retention money of HK$59,899,000 (2011: HK$23,650,000) were aged over 12 months based on invoice date but not impaired.

As at 31 December 2012, the trade receivables balances amounting to HK$53,131,000 (2011: Nil) were pledged to secure bank borrowings wholly repayable after 5 years (Note 30).

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

Notes to the Consolidated Financial Statements

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**164,172**	105,645	**4,664**	4,671
Deposits	**1,639**	669	**669**	669
Other receivables	**296,455**	104,017	**6,783**	—
Loans to third parties	**65,353**	18,503	**—**	—
Value-added tax recoverable	**63,919**	—	**—**	—
Amounts due from customers for contract work *(Note 27)*	**23,670**	22	**—**	—
	615,208	228,856	**12,116**	5,340
Less: Non-current portion	**(23,528)**	—	**(669)**	—
	591,680	228,856	**11,447**	5,340
Denominated in:				
— HK$	**189,905**	25,411	**2,161**	2,161
— RMB	**372,659**	200,884	**7,457**	674
— US$	**36,574**	2,505	**2,498**	2,505
— Others	**16,070**	56	**—**	—
	615,208	228,856	**12,116**	5,340

The carrying amounts of the Group's and the Company's prepayments, deposits and other receivables approximate their fair values.

Approximately 44% (2011: 100%) of loans to third parties are interest-free and have no fixed terms of repayment and the remaining balances are interest bearing ranging from 9% to 15% per annum and repayable within 1 year.

Notes to the Consolidated Financial Statements

26. Cash and cash equivalents — Group and Company

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash at banks and in hand	**731,167**	1,063,541	**20,548**	27,598
Maximum exposure to credit risk	**730,896**	1,063,375	**20,548**	27,598
Denominated in:				
— HK$	**17,900**	43,587	**9,540**	10,416
— RMB	**698,342**	1,017,556	**58**	17,147
— US$	**14,905**	2,067	**10,950**	35
— Others	**20**	331	**—**	—
	731,167	1,063,541	**20,548**	27,598

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 2012, the weighted effective interest rate on the Group's and the Company's bank balances are 0.33% (2011: 0.38%) and 0.01% (2011: 0.01%), respectively.

Notes to the Consolidated Financial Statements

27. Construction contracts

	Group 2012 HK$'000	2011 HK$'000
The aggregate costs incurred and recognised profits to date	**1,723,959**	2,135,142
Less: Progress billings	**(1,682,456)**	(2,183,100)
Net balance sheet position for ongoing construction contracts	**41,503**	(47,958)
Analysis:		
Amounts due from customers for contract work		
— associates *(Note 19)*	**25,453**	—
— JCEs *(Note 20)*	**39,333**	77,651
— third parties *(Note 25)*	**23,670**	22
Amounts due to customers for contract work *(Note 29)*	**(46,953)**	(125,631)
	41,503	(47,958)

Included in trade receivables (Note 24), amounts due from associates (Note 19) and amounts due from JCEs (Note 20) as at 31 December 2012, there were HK$19,499,000 (2011: HK$18,356,000), HK$13,606,000 (2011: HK$4,531,000) and HK$71,253,000 (2011: HK$62,819,000) retention money held in respect of construction in progress, respectively.

Included in other payables and accruals (Note 29), amounts due to associates (Note 19) and amounts due to JCEs (Note 20) as at 31 December 2012, there were approximately HK$123,000 (2011: HK$1,595,000), HK$18,090,000 (2011: Nil) and HK$10,902,000 (2011: HK$35,245,000) representing advance received from customers in respect of construction in progress, respectively.

Notes to the Consolidated Financial Statements

28. Trade and bill payables

	Group	
	2012	2011
	HK$'000	*HK$'000*
Trade payables	**698,856**	839,887
Bill payables	**308,935**	3,701
	1,007,791	843,588

As at 31 December 2012, the ageing analysis of the trade payables, based on invoice date, was as follows:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Within 3 months	**469,466**	745,378
3 to 6 months	**62,995**	26,690
6 to 12 months	**110,014**	17,909
Over 1 year	**37,620**	49,581
Over 2 years	**18,761**	329
	698,856	839,887

The carrying amounts of trade and bill payables approximate their fair values and majority of trade and bill payables are denominated in RMB. As at 31 December 2012, approximately 99% (2011: Nil) of bill payables were secured by the corporate guarantee of one of the Group's subsidiaries.

Notes to the Consolidated Financial Statements

29. Other payables and accruals — Group and Company

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Payables for construction in progress	**132,423**	431,649	**—**	—
Other payables and accruals	**153,913**	137,348	**19,599**	18,783
Receipt in advance	**57,489**	1,595	**—**	—
Amounts due to customers for contract work *(Note 27)*	**46,953**	125,631	**—**	—
	390,778	696,223	**19,599**	18,783
Denominated in:				
— HK$	**23,714**	3,202	**5,180**	5,089
— RMB	**360,001**	691,739	**14,419**	13,694
— US$	**6,266**	1,271	**—**	—
— Others	**797**	11	**—**	—
	390,778	696,223	**19,599**	18,783

The carrying amounts of the Group's and the Company's other payables and accruals approximate their fair values.

30. Borrowings — Group and Company

	Group	
	2012	2011
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings *(Note (i))*	**382,846**	64,718
Guaranteed bond *(Note (ii))*	**924,955**	925,126
Total principal amount	**1,307,801**	989,844
Unamortised loan facilities fees relating to bank borrowings	**(380)**	—
Unamortised loan facilities fees relating to guaranteed bond	**(9,203)**	(15,698)
	1,298,218	974,146
Current liabilities		
Bank borrowings *(Note (i))*	**83,869**	156,890
Total principal amount	**83,869**	156,890
Total borrowings	**1,382,087**	1,131,036

Notes to the Consolidated Financial Statements

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

	Company	
	2012	2011
	HK$'000	*HK$'000*
Non-current liabilities		
Guaranteed bond *(Note (ii))*	**924,955**	925,126
Total principal amount	**924,955**	925,126
Unamortised loan facilities fees relating to guaranteed bond	**(9,203)**	(15,698)
Total borrowings	**915,752**	909,428

Notes:

(i) Approximately 95% (2011: 100%) of the total carrying amounts of bank borrowings are denominated in RMB and subject to floating interest rate while 5% (2011: Nil) of the total carrying amounts of bank borrowings are denominated in US$ and subject to fixed interest rate.

The carrying amounts of bank borrowings are secured by the corporate guarantee of the Company, the buildings and equipments under property, plant and equipment, the leasehold land and land use rights and trade receivables 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.

Borrowings at principal amount were repayable as follows:

	Bank borrowings		Guaranteed bond		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**83,869**	156,890	**—**	—	**83,869**	156,890
Between 1 and 2 years	**7,348**	64,718	**924,955**	—	**932,303**	64,718
Between 2 and 5 years	**49,610**	—	**—**	925,126	**49,610**	925,126
Over 5 years	**325,888**	—	**—**	—	**325,888**	—
	466,715	221,608	**924,955**	925,126	**1,391,670**	1,146,734

Notes to the Consolidated Financial Statements

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

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

	Bank borrowings		Guaranteed bond		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Wholly repayable within 5 years	**80,287**	221,608	**924,955**	925,126	**1,005,242**	1,146,734
Wholly repayable after 5 years	**386,428**	—	**—**	—	**386,428**	—
	466,715	221,608	**924,955**	925,126	**1,391,670**	1,146,734

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

	2012	2011
	HK$'000	*HK$'000*
6 months or less	**440,940**	221,608

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

	Carrying amount		Fair value	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank borrowings	**382,466**	64,718	**382,846**	64,718
Guaranteed bond	**915,752**	909,428	**924,955**	925,126
	1,298,218	974,146	**1,307,801**	989,844

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:

	2012	2011
Bank borrowings	**7.05%**	7.11%
Guaranteed bond	**7.13%**	7.13%

Notes to the Consolidated Financial Statements

31. Share capital

	2012 HK$'000	2011 HK$'000
Authorised:		
10,000,000,000 (2011: 10,000,000,000) ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
7,393,594,965 (2011: 7,393,594,965) ordinary shares of HK$0.01 each	**73,936**	73,936

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 2012 and 2011: 10,000,000,000 ordinary shares of HK$0.01 each	10,000,000	100,000
Issued and fully paid:		
As at 1 January 2011: 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 (i))*	(6,960)	(70)
Issues of ordinary shares of HK$0.01 each on exercise of share options	9,045	91
As at 31 December 2012 and 2011: 7,393,594,965 ordinary shares of HK$0.01 each	**7,393,595**	**73,936**

Note:

(i) 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 has been deducted from 'share premium' in equity. These repurchased ordinary shares had then been cancelled.

Notes to the Consolidated Financial Statements

32. 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:

	2012		2011	
	Average exercise price per share ***HK$***	**Options** ***(thousands)***	Average exercise price per share *HK$*	Options *(thousands)*
As at 1 January 2012 and 2011	**0.697**	**435,300**	0.609	264,165
Granted	**—**	**—**	0.800	200,000
Forfeited	**0.755**	**(21,800)**	0.718	(19,820)
Exercised	**—**	**—**	0.366	(9,045)
As at 31 December 2012 and 2011	**0.694**	**413,500**	0.697	435,300

Out of the 413,500,000 (2011: 435,300,000) outstanding options, 92,926,000 (2011: 95,679,000) options were exercisable at the reporting date.

There were no options exercised for the year ended 31 December 2012. During the year ended 31 December 2011, options exercised resulted in 9,045,000 ordinary shares being issued at a weighted average exercise price of HK$0.37 each. The related weighted average share price at the time of exercise was HK0.70 per option.

Notes to the Consolidated Financial Statements

32. 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 2012	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 2012	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	900,000	–	–	–	**900,000**	N/A
	6 April 2009	2,250,000	–	–	–	**2,250,000**	N/A
	4 January 2010	6,600,000	–	–	–	**6,600,000**	N/A
	3 January 2011	10,000,000	–	–	–	**10,000,000**	N/A
Liu Jianhong	1 April 2008	900,000	–	–	–	**900,000**	N/A
	6 April 2009	2,250,000	–	–	–	**2,250,000**	N/A
	4 January 2010	6,600,000	–	–	–	**6,600,000**	N/A
	3 January 2011	10,000,000	–	–	–	**10,000,000**	N/A
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
Sub-total		152,600,000	–	–	–	**152,600,000**	

Notes to the Consolidated Financial Statements

32. 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 2012	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 2012	Market price per share at exercise date of share options *HK$*
Sub-total		152,600,000	–	–	–	**152,600,000**	
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, BBS, 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
Other employees							
In aggregate	1 April 2008	31,260,000	–	–	(830,000)	**30,430,000**	N/A
	6 April 2009	51,460,000	–	–	(2,150,000)	**49,310,000**	N/A
	4 January 2010	69,320,000	–	–	(4,220,000)	**65,100,000**	N/A
	3 January 2011	117,260,000	–	–	(14,600,000)	**102,660,000**	N/A
Total		435,300,000	–	–	(21,800,000)	**413,500,000**	

Notes to the Consolidated Financial Statements

32. Share option schemes *(Continued)*

These options were granted subject to the following vesting requirement:

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

The Group recognised the total expense of HK$30,229,000 (2011: HK$52,982,000) for the year ended 31 December 2012 in relation to share options granted by the Company. Also, the Group reversed the total expense which provided in previous years of HK$6,042,000 (2011: HK$872,000) for the year ended 31 December 2012 in relation to the forfeiture of share options.

Details of share options outstanding at the end of the year is 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 2012	31 December 2011
1 April 2008	1 April 2009 to 31 March 2013	0.45	0.435	60,080	**44,030**	44,860
6 April 2009	6 April 2010 to 5 April 2014	0.302	0.295	100,000	**77,910**	80,060
4 January 2010	4 January 2011 to 3 January 2015	0.89	0.89	130,000	**115,500**	119,720
3 January 2011	3 January 2012 to 2 January 2016	0.80	0.80	200,000	**176,060**	190,660
				490,080	**413,500**	435,300

Notes to the Consolidated Financial Statements

32. 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.

33. Reserves

The details of movements in the Group's reserves are set out in the consolidated statement of changes in equity on pages 45 to 46.

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

	Share premium *HK$'000*	**Contributed surplus** *(Note (i))* *HK$'000*	**Exchange reserve** *HK$'000*	**Other reserves** *HK$'000*	**Accumulated losses** *(Note (ii))* *HK$'000*	**Total** *HK$'000*
Balance at 1 January 2011	2,977,754	78,810	53,818	43,761	(380,776)	2,773,367
Repurchase and cancellation of ordinary shares *(Note 31(i))*	(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**
Share-based compensation	**—**	**—**	**—**	**24,187**	**—**	**24,187**
Currency translation differences	**—**	**—**	**(903)**		**—**	**(903)**
Loss for the year	**—**	**—**	**—**	**—**	**(75,473)**	**(75,473)**
Dividend relating to the year ended 31 December 2011	**—**	**—**	**—**	**—**	**(73,936)**	**(73,936)**
Balance at 31 December 2012	**2,341**	**2,675,788**	**231,294**	**118,673**	**(1,564,280)**	**1,463,816**

Notes to the Consolidated Financial Statements

33. 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 2012, retained earnings of the Group comprised statutory reserves fund amounting to HK$112,108,000 (2011: HK$49,457,000).

(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'.

Notes to the Consolidated Financial Statements

34. 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**		**Tax losses**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Balance brought forward	**22,340**	23,182	**4,485**	—	**—**	—	**26,825**	23,182
Credited/(debited) to the consolidated income statement	**4,017**	4,232	**(189)**	4,392	**2,649**	—	**6,477**	8,624
Reclassification	**(17,953)**	—	**—**	—	**—**	—	**(17,953)**	—
Loss of control over subsidiaries	**(634)**	(6,183)	**—**	—	**—**	—	**(634)**	(6,183)
Exchange differences	**(54)**	1,109	**(1)**	93	**9**	—	**(46)**	1,202
Balance carried forward	**7,716**	22,340	**4,295**	4,485	**2,658**	—	**14,669**	26,825

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 and tax losses of the Group's subsidiaries.

Notes to the Consolidated Financial Statements

34. Deferred tax *(Continued)*

Deferred tax assets *(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 power plants. 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 power plants. 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$119,728,000 (2011: HK$111,039,000) 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	
	2012	2011
	HK$'000	*HK$'000*
Balance brought forward	**2,511**	2,072
Debited to the consolidated income statement	**3,110**	329
Loss of control over subsidiaries	**(87)**	—
Exchange differences	**10**	110
Balance carried forward	**5,544**	2,511

The deferred tax liabilities recognised relate to temporary differences arising from the unremitted earnings of JCEs. As at 31 December 2012, deferred tax liabilities of HK$100,539,000 (2011: HK$78,449,000) 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.

Notes to the Consolidated Financial Statements

35. Deferred government grant

Government grant was received from the PRC government by the Group as financial subsidies for investments in the PRC during year 2011. Government grant is 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	
	2012	2011
	HK$'000	*HK$'000*
Balance brought forward	**17,921**	—
Government grant received in the year	**—**	18,118
Amortisation of deferred government grant	**(737)**	(570)
Exchange difference	**(7)**	373
Balance carried forward	**17,177**	17,921

Notes to the Consolidated Financial Statements

36. Notes to the consolidated cash flow statement

(a) Cash generated from operations

	Note	**2012** **HK$'000**	2011 HK$'000
Profit before income tax		**113,072**	504,290
Adjustments for:			
Finance costs	9	**85,985**	64,899
Interest income	6	**(13,485)**	(5,680)
Depreciation of property, plant and equipment	15	**62,813**	28,064
Amortisation of prepaid operating lease payment	16	**5,715**	4,162
Amortisation of other intangible asset	17	**119**	117
Government grants	6	**(737)**	(3,617)
Net realised gains on disposal of financial assets at fair value through profit or loss	7	**(1,585)**	(762)
Share-based compensation	8	**24,187**	52,110
Share of results of associates		**(7,278)**	(1,391)
Share of results of JCEs		**6,123**	(169,646)
Gain on businesses or assets contribution to JCEs	7	**(127,132)**	(296,693)
Gain on partial disposal of JCEs	7	**(51,330)**	—
(Gain)/loss on disposal of subsidiaries, net	7	**(26,549)**	39
Exchange gains, net	7	**(38)**	(21,923)
Loss on disposal of property, plant and equipment	36(f)	**451**	146
Operating profit before working capital changes:		**70,331**	154,115
Decrease/(increase) in inventories		**98,511**	(261,818)
Decrease/(increase) in trade and bill receivables		**137,478**	(426,880)
Increase in prepayments, deposits and other receivables		**(737,187)**	(78,975)
(Increase)/decrease in amounts due from associates		**(235)**	8,882
Decrease/(increase) in amounts due from JCEs		**17,172**	(208,793)
Increase in trade and bill payables		**164,359**	644,510
Increase in other payables and accruals		**714,150**	92,694
Increase in amounts due to associates		**95,757**	24,385
(Decrease)/increase in amounts due to JCEs		**(184,842)**	557,666
Cash generated from operations		**375,494**	505,786

Notes to the Consolidated Financial Statements

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

(b) Businesses or assets contribution to JCEs

During the year, the Group has partially disposed of its equity interests in subsidiaries with investments in power plants projects. Upon the completion of the disposals, these entities have become JCEs of the Group. These disposals represent the contribution of the Group's businesses or assets to the JCEs. Details of the transactions are summarised as follows:

For the year ended 31 December 2012:

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 and Shanghai Electric agreed to make a cash contribution of RMB31,230,000 into the registered share capital of Suqian. Upon the completion of this transaction, the Group's interest was reduced from 100% to 49% of issued share capital of Suqian and Suqian ceased to be a subsidiary of the Group. Suqian then becomes a JCE of the Group and Shanghai Electric. A gain on contribution of businesses or assets to the JCEs of HK$13,965,000 was recognised in the consolidated income statement.

On 30 November 2012, the Group entered into capital injection agreements with Mengdong Century Concord New Energy Co., Ltd. ("Mengdong"), one of the Group's JCE with 49% equity interest, pursuant to which the registered share capital of each of Jianghua Yao Autonomous County Century Concord Wind Power Co., Ltd. ("Jianghua"), Jingmen Century Concord Wind Power Co., Ltd. ("Jingmen") and Hebi Century Concord Junlong Wind Power Co., Ltd. ("Hebi") were increased from RMB5,000,000 to RMB12,500,000 and Mengdong agreed to make a cash contribution of RMB7,500,000 each into the registered share capital of Jianghua, Jingmen and Hebi. Upon the completion of these transactions, the Group's interests in the issued share capital of Jianghua, Jingmen and Hebi were reduced from 100% to 69.4% respectively. Jianghua, Jingmen and Hebi ceased to be subsidiaries of the Group and then become JCEs of the Group and Mengdong. A gain on contribution of businesses or assets to the JCEs of HK$18,741,000 was recognised in the consolidated income statement.

On 5 December 2012, the Group entered into capital injection agreements with Shanghai Electric and Beijing Century Jinhua Investment Limited ("Beijing Century"), pursuant to which the registered share capital of Haian Century Concord Wind Power Co., Ltd. ("Haian"), Suzhou Century Concord Wind Power Co., Ltd. ("Suzhou") and Xiaoxian Century Concord Wind Power Co., Ltd. ("Xiaoxian") were increased from RMB17,000,000 to RMB34,690,000, RMB5,000,000 to RMB10,200,000, and RMB5,000,000 to RMB10,200,000, respectively, and Shanghai Electric and Beijing Century agreed to make a cash contribution of RMB17,690,000, RMB5,200,000 and RMB5,200,000 into the registered share capital of Haian, Suzhou and Xiaoxian, respectively. Upon the completion of these transactions, the Group's interests were reduced from 100% to 49% of issued share capital of Haian, Suzhou and Xiaoxian. Haian, Suzhou and Xiaoxian ceased to be subsidiaries of the Group and then become JCEs of the Group, Shanghai Electric and Beijing Century. A gain on contribution of businesses or assets to the JCEs of HK$25,474,000 was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

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

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

On 20 December 2012 and 27 December 2012, the Group entered into sale and purchase agreements ("JV-S&P Agreements") with Tongtai New Energy Co., Ltd. ("Tongtai New Energy"), pursuant to which the Group disposed of 50% equity interests in Jinchang Century Concord New Energy Co., Ltd. ("Jinchang"), Yongchang Century Concord Solar Power Co., Ltd. ("Yongchang"), Shandan Century Concord Solar Power Co., Ltd. ("Shandan"), Fuchuan Century Concord Wind Power Co., Ltd. ("Fuchuan") and Yongren Century Concord Solar Power Co., Ltd. ("Yongren"), for a consideration of RMB6,330,000 (equivalent to approximately HK$7,780,000). Upon the completion of these transactions, Century Concord Wind Power Investment Co., Ltd. ("Century Concord") in turn holds 50% of issued share capital of Jinchang, Yongchang, Shandan, Fuchuan and Yongren. Jinchang, Yongchang, Shandan, Fuchuan and Yongren ceased to be subsidiaries of the Group and then become JCEs of the Group and Tongtai New Energy. The disposals represent the contribution of the Group's assets of HK$7,363,000 to the JCEs. A gain on contribution of businesses or assets to the JCEs of HK$68,952,000 was recognised in the consolidated income statement.

For the year ended 31 December 2011:

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 approximately 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, 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 approximately 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.

Notes to the Consolidated Financial Statements

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

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

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 approximately 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.

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 approximately HK$537,003,000) and RMB48,511,200 (equivalent to approximately 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.

Notes to the Consolidated Financial Statements

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

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

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

	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment *(Note)*	**406,872**	2,646,816
Land use right	**—**	8,984
Goodwill	**—**	660
Deferred tax assets	**634**	—
Prepayments and other receivables	**68,067**	289,987
Cash and cash equivalents	**58,441**	86,869
	534,014	3,033,316
Other payables and accruals	**(646,690)**	(266,492)
Borrowings	**—**	(1,514,070)
	(646,690)	(1,780,562)
	(112,676)	1,252,754

Note: The amounts of property, plant and equipment shown above are stated after adjusting the unrealised profits or losses on transactions between these companies and other group companies prior to the respective disposal dates.

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

	2012	2011
	HK$'000	*HK$'000*
Consideration from joint venture partners	**7,780**	884,169
Aggregated carrying amounts of the Group's net assets contributed to JCEs	**(7,363)**	(671,046)
	417	213,123
Exchange gain realised from exchange reserve	**—**	33,008
Realised profits or losses on transactions between the Group and JCEs	**126,715**	50,562
Gain on businesses or assets contributed to JCEs *(Note 7)*	**127,132**	296,693

Notes to the Consolidated Financial Statements

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

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

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

	2012 HK$'000	2011 HK$'000
Consideration from joint venture partners	**7,780**	884,169
Receivables	**40,552**	(81,088)
Cash and cash equivalents derecognised from the consolidated financial statements	**(58,441)**	(86,869)
	(10,109)	716,212

(c) Partial disposal of JCEs

On 25 June 2012, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Liaoning Energy, pursuant to which the Group disposed of 21% out of its 51% equity interest in Fuxin Taihe, a JCE of the Group and Liaoning Energy, for a consideration of RMB79,711,100 (equivalent to approximately HK$97,970,000). Upon the completion of this transaction, the Group's interest reduced from 51% to 30% of issued share capital of Fuxin Taihe. Fuxin Taihe ceased to be a JCE of the Group and then become an associate of the Group. The disposal represents the contribution of the Group's assets of HK$77,431,000 to the JCE. A gain on partial disposal of JCE of HK$31,475,000 was recognised in the consolidated income statement.

On 25 June 2012, the Group entered into a sale and purchase agreement ("JV-S&P Agreement") with Liaoning Energy, pursuant to which the Group disposed of 25% out of its 55% equity interest in Chaoyang Century Concord Wanjia Wind Power Co., Ltd. ("Chaoyang Wanjia"), a JCE of the Group and Liaoning Energy, for a consideration of RMB47,137,875 (equivalent to approximately HK$57,935,000). Upon the completion of this transaction, the Group's interest reduced from 55% to 30% of issued share capital of Chaoyang Wanjia. Chaoyang Wanjia ceased to be a JCE of the Group and then become an associate of the Group. The disposal represents the contribution of the Group's assets of HK$49,777,000 to the JCE. A gain on partial disposal of JCE of HK$19,855,000 was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

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

(c) Partial disposal of JCEs *(Continued)*

The gain on partial disposal of JCEs as at their respective disposal dates were as follows:

	2012	2011
	HK$'000	*HK$'000*
Consideration from joint venture partners	**155,905**	—
Proportionate share of the Group's net assets of JCEs effectively disposal and contributed to JCEs	**(127,208)**	—
	28,697	—
Goodwill	**(1,204)**	—
Exchange gain realised from exchange reserve	**1,687**	—
Realised profits or losses on transactions between the Group and JCEs	**22,150**	—
Gain on partial disposal of JCEs *(Note 7)*	**51,330**	—

(d) Disposal of subsidiaries

On 27 December 2012, the Group entered into a sale and purchase agreement with Wealthy Land Enterprises Limited, an independent third party incorporated in British Virgin Islands, pursuant to which the Group disposed of its entire equity interest in CWP Energy Investment Ltd. ("CWP Energy"), a wholly-owned subsidiary of the Group incorporated in Hong Kong, for a consideration of RMB42,300,000 (equivalent to approximately HK$51,989,000), CWP Energy and Century Concord, a wholly-owned subsidiary of the Group, holds 49% and 1% of the issued share capital of Fuxin Huashun Wind Power Co., Ltd. ("Fuxin Huashun"), one of the Group's JCE incorporated in the PRC. The Group in turn holds 1% equity interest in Fuxin Huashun upon the completion date of 27 December 2012. As a result, CWP Energy ceased to be a subsidiary of the Group and Fuxin Huashun then accounted for fair value as an available-for-sale financial asset of the Group. A gain on disposal of the subsidiary of HK$29,441,000 was recognised in the consolidated income statement.

In addition, during the year, the Group de-registered, Qingyuan Century Concord Wind Power Co., Ltd. ("Qingyuan"), a wholly-owned subsidiary of the Group, with the issued share capital of RMB5,000,000 (equivalent to approximately HK$6,145,000). Upon the completion date of de-registration on 31 December 2012, the net assets of HK$2,892,000 had been derecognised from the Group. As a result, Qingyuan ceased to be a subsidiary of the Group. A loss on disposal of the subsidiary of HK$2,892,000 was recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

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

(d) Disposal of subsidiaries *(Continued)*

On 31 December 2011, the Group entered into a sale and purchase agreement with Mr. Zhou Jian Huang, 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 gain/(loss) on disposal of subsidiaries, net was as follows:

	2012	2011
	HK$'000	*HK$'000*
Net proceeds from disposal of subsidiaries	**51,989**	—
The aggregated carrying amounts of net assets disposed of:		
Property, plant and equipment	**2,816**	—
Interest in a JCE	**120,125**	—
Goodwill	**1,846**	—
Prepayments and other receivables	**1,291**	39
Amount due from a JCE	**9,154**	—
Cash and cash equivalents	**2**	—
Other payables and accruals	**(93,358)**	—
Deferred tax liabilities	**(87)**	—
	41,789	39
	10,200	(39)
Exchange gain realised from exchange reserve	**7,409**	—
Realised profits or losses on transactions between the Group and JCEs	**6,165**	—
Available-for-sale financial assets	**2,775**	—
Gain/(loss) on disposal of subsidiaries, net *(Note 7)*	**26,549**	(39)

Notes to the Consolidated Financial Statements

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

(d) Disposal of subsidiaries *(Continued)*

In the consolidated cash flow statement, net proceeds from disposal of subsidiaries were comprised of:

	2012	2011
	HK$'000	*HK$'000*
Consideration	**51,989**	—
Consideration receivables	**(51,989)**	—
Cash and cash equivalents derecognised from the consolidated financial statements	**(2)**	—
Cash and cash equivalents received upon de-registration	**3,222**	—
	3,220	—

(e) Acquisition of subsidiaries

On 10 July 2012, the Group entered into a sale and purchase agreement with Liaoning Energy, pursuant to which the Group acquired 100% of the issued share capital of Liaoning Liaoneng, which is engaged in leasing machinery and equipment business through its subsidiaries, for a consideration of RMB18,337,800 (equivalent to approximately HK$22,538,000).

On 18 December 2012, HSPI Acquisitions, LLC, a 80% owned subsidiary of the Group, acquired 100% of the equity interest of Hoku Solar Power I, LLC, ("Hoku") which is a limited liability company and is engaged in the operation of solar power generating facilities in the State of Hawaii, for a consideration of US$3,800,000 (equivalent to approximately HK$29,107,000). As of the acquisition date, the fair value of identifiable assets and liabilities approximated the consideration, so no goodwill was recognised.

Notes to the Consolidated Financial Statements

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

(e) Acquisition of subsidiaries *(Continued)*

The following table summarises the consideration paid for the issued share capital of Liaoning Liaoneng and Hoku and the fair value of assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration paid by cash	51,645
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	27,038
Trade receivables	4,506
Prepayments and other receivables	34,604
Cash and cash equivalents	3,340
Other payables and accruals	(21,155)
Total identifiable net assets	48,333
Goodwill	3,312
	51,645

Acquisition-related costs of HK$535,000 have been charged to "other expenses" in the consolidated income statement for the year ended 31 December 2012.

In the consolidated cash flow statement, the considerations paid for acquisition of subsidiaries, net of cash acquired were comprised of:

	HK$'000
Consideration paid	51,645
Cash and cash equivalents acquired	(3,340)
Acquisition of subsidiaries, net of cash acquired	48,305

Notes to the Consolidated Financial Statements

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

(f) Disposal of property, plant and equipment

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

	2012	2011
	HK$'000	*HK$'000*
Net book amount *(Note 15)*	**913**	4,290
Loss on disposal of property, plant and equipment	**(451)**	(146)
Settlement by trade payables	**—**	(3,800)
Net proceeds from disposal of property, plant and equipment	**462**	344

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 2012, the Group has pledged its share of equity interests of five (2011: five) JCEs, with total value of its share of registered capital held by the Group amounted to HK$341,913,000 (2011: HK$341,976,000) 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 2012 and 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$404,352,000 (2011:HK$404,427,000).

Save as mentioned above, the Group did not have any significant contingent liabilities as at 31 December 2012 (2011: Same).

Notes to the Consolidated Financial Statements

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	
	2012	2011
	HK$'000	*HK$'000*
No later than 1 year	**2,115**	6,591
Later than 1 year and no later than 5 years	**1,106**	1,433
	3,221	8,024

Capital commitments

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

	Group	
	2012	2011
	HK$'000	*HK$'000*
Property, plant and equipment		
No later than 1 year	**222,542**	18,538

(b) The Group has entered into a number of arrangements to develop power projects in the PRC. As at 31 December 2012, total equity contributions contracted but not provided for were HK$343,892,000 (2011: HK$515,905,000).

Notes to the Consolidated Financial Statements

38. Commitment *(Continued)*

Other commitments

As at 31 December 2012, 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	
	2012	2011
	HK$'000	*HK$'000*
Sales of goods and services to associates and JCEs *(Note (i))*	**724,982**	618,603
Loan interest income *(Note (ii))*	**8,863**	584
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 loans to JCEs carry interest ranging from 5.3% to 10% per annum. The fair value and the effective interest rate of the loans to JCEs 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).

Notes to the Consolidated Financial Statements

39. Related party transactions *(Continued)*

(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 (2011: nine) of the Executive Directors and five (2011: five) members of Senior Management Group. The total remuneration of the key management personnel is shown below:

	Group	
	2012	2011
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	**16,630**	18,491
Share-based compensation	**12,176**	23,192
	28,806	41,683

The remuneration of the members of Senior Management Group by band is set out below:

Remuneration band (in HK$)	**Number of individuals**	
	2012	2011
HK$1 — HK$1,000,000	**3**	—
HK$1,000,001 — HK$2,000,000	**2**	4
HK$2,000,001 — HK$3,000,000	**—**	1
	5	5

Notes to the Consolidated Financial Statements

40. Events after the balance sheet date

On 28 January 2013, the Group entered into a sale and purchase agreement with a joint venture partner of the Group, Tianjin Deheng Investment Co., Ltd. ("Tianjin Deheng"), pursuant to which the Group acquired a 49% equity interest in Kangbao Century Concord Wind Power Co., Ltd. ("Kangbao"), for a consideration of RMB5,900,000 (equivalent to approximately HK$7,276,000), Century Concord in turn holds the entire issued share capital of Kangbao at the completion of the transaction. Upon the completion of the transaction on 31 January 2013, Kangbao ceased to be a JCE of the Group and Tianjin Deheng and then became a wholly-owned subsidiary of the Group.

On 1 March 2013, the Group entered into sale and purchase agreements with an independent party, Guodian Northeast New Energy Development Ltd., pursuant to which the Group disposed of its entire 60% equity interests in four JCEs, namely Fuxin Julonghu Wind Power Co., Ltd. ("Julonghu"), Fuxin Qianfoshan Wind Power Co., Ltd. ("Qianfoshan"), Fuxin Juyuan Wind Power Co. Ltd. ("Juyuan") and Fuxin Juhe Wind Power Co., Ltd. ("Juhe"), for a consideration of RMB225,403,500 (equivalent to approximately HK$278,517,000) in total. Upon the completion of these transactions, Julonghu, Qianfoshan, Juyuan and Juhe ceased to be the JCEs of the Group.

On 1 March 2013, the Group entered into a sale and purchase agreement with an independent party, China Power (Tianjin) New Energy Development Co., Ltd., pursuant to which the Group disposed of its entire equity interest in Beijing Huaxun New Energy Technology Development Co., Ltd. ("Huaxun"), a wholly-owned subsidiary of the Group, which holds entire equity interest in Siziwangqi Century Concord Xiari Wind Power Co., Ltd. ("Siziwangqi"), for a consideration of RMB26,500,000 (equivalent to approximately HK$32,744,000). Upon the completion of the transaction, Huaxun and Siziwangqi ceased to be the subsidiaries of the Group.

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.

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 2012	For the year ended 31 December 2011	For the year ended 31 December 2010	For the nine months ended 31 December 2009	For the year ended 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note)	*(Note)*	*(Note)*	*(Note)*
Revenue and other income	**1,124,640**	977,139	1,243,349	566,509	395,062
Other gains, net and exchange gains, net	**200,092**	305,788	14,852	17,008	28,013
Finance costs	**(85,985)**	(64,899)	(4,465)	(1,729)	(5,507)
Share of results					
— associates	**7,278**	1,391	4,483	4,020	4,779
— jointly controlled entities	**(6,123)**	169,646	192,464	31,700	10,461
Expenses, net	**(1,126,830)**	(884,775)	(901,676)	(423,618)	(312,765)
Profit before income tax	**113,072**	504,290	549,007	193,890	120,043
Income tax expense	**(72,160)**	(132,081)	(121,784)	(12,654)	(3,973)
Non-controlling interests	**(526)**	—	—	—	696
Profit attributable to equity holders of the Company	**40,386**	372,209	427,223	181,236	116,766

Five Year Financial Summary *(Continued)*

ASSETS, LIABILITIES AND EQUITIES

	As at 31 December 2012	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009	As at 31 March 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**7,508,026**	7,501,493	5,425,244	3,505,805	2,644,729
Total liabilities	**(3,053,028)**	(3,027,111)	(1,511,749)	(237,962)	(160,159)
Net assets	**4,454,998**	4,474,382	3,913,495	3,267,843	2,484,570
Equity attributable to owners of the Company	**4,454,006**	4,474,382	3,913,495	3,267,843	2,470,965
Non-controlling interests	**992**	—	—	—	13,605
Total equity	**4,454,998**	4,474,382	3,913,495	3,267,843	2,484,570

Note: The comparative figures in this summary relating to the exchange gains, net which have been previously classified under 'expenses, net', is now reclassified and presented under 'other gains, net and exchange gains, net' in order to conform to the current year's presentation for a better understanding of the Group's activities. This reclassification has no effect on the Group's results, and the assets, liabilities and equities for the last five financial years/period.

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