



2007

Interim Report



China
WinPower 中国风电

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

Stock Code: 0182

BUSINESS REVIEW

The Group achieved solid progress in the development of its wind power business which it acquired on 1 August, 2007, following shareholders' approval. The Group's Chinese medicine and health product business under the "Nam Pei Hong" brand is being successfully nurtured to revive growth.

During the period under review, the Group recorded turnover of HK\$68,277,000, compared with HK\$22,506,000 for the corresponding period last year. Profit attributable to equity shareholders was HK\$18,589,000 of which approximately HK\$16,200,000 represented the contribution from the wind power business. There was a loss attributable to equity shareholders of HK\$39,445,000 for the corresponding period of last year. Basic earnings per share were 0.72 HK cents and fully diluted earnings per share were 0.57 HK cents, compared with a loss per share of 2.81 HK cents in the previous year.

Wind Power

This division recorded sales revenue of approximately HK\$36,300,000.

In April 2007, the Group signed an agreement to acquire a wind power group in China, which is engaged in 1) investment in wind power plants, 2) the feasibility study, design, EPC (engineering, procurement and construction) and maintenance of wind power plants and 3) the manufacture of wind power equipment. This transaction represented a very substantial acquisition requiring shareholders' approval. Shareholders' approval was obtained at a special general meeting. Details of the acquisition were contained in the circular of the Company dated 13 July 2007.

Construction work for two new plants, located in Taipusiqi, Inner Mongolia and in Erlianhaote, Inner Mongolia respectively, commenced in mid-August. The Group expects the operation of these projects to commence within the current financial year.

The Group completed feasibility study and design for four wind power projects, including three under the Group's investment portfolio — Taipusiqi in Inner Mongolia, Erlianhaote in Inner Mongolia and Zhenlai in Jilin — and one completed for a third-party client.

BUSINESS REVIEW *(Continued)*

Nam Pei Hong

Under the well-known brand of "Nam Pei Hong", the Group is engaged in the wholesale and retail of Chinese medicine, healthcare products and dried seafood and the provision of medical clinic services. For the period under review, this division recorded sales revenue of approximately HK\$32,000,000, compared with HK\$22,506,000 for the corresponding period last year.

The Group opened five new retail outlets during the period under review, including four in July and August. It started a wholesale business to complement its development of a distribution network in China. A selection of reputable supermarket chains began selling "Nam Pei Hong" products. The Group will continue to conduct regular reviews of the strategy of this business.

PROSPECTS

In recent years, the rapid economic development throughout China has resulted in a significant increase in energy consumption, leading to deterioration in environmental quality. The government has expanded efforts on environmental protection and a series of laws and regulations have been introduced to reduce environmentally damaging emissions. It has made significant commitment to develop wind power, the cleanest renewable energy, by introducing policies such as tax preferences and tariff subsidies to develop the renewable energy market. The Group is set to benefit from government policies supporting the development of wind power in China.

Importantly, the PRC Renewable Energy Law requires power grid operators to provide grid connections to and purchase all available output from, renewable energy suppliers, in their service areas.

All wind power plants of the group are structured so the Group can benefit from the sale of carbon credits and it has reached agreement to sell the carbon credits from four plants under construction, namely Taipusiqi in Inner Mongolia, Erlianhaote in Inner Mongolia, Zhangwu in Liaoning and Zhenlai in Jilin, at premium over the price agreed for the carbon credits from its first plant.

PROSPECTS *(Continued)*

The Group's projects are also structured so that they can benefit from China's value-added tax (VAT) rebate that sino-foreign joint ventures are entitled to if not less than 70% of their equipment are produced in China. As investment in wind-power equipment represents a significant proportion of total investment cost of wind power plants, the tax rebates will shorten the cash conversion cycle of wind power plants invested by the Group.

The Group also benefits from the United Nation's Clean Development Mechanism of the Kyoto Protocol which allows industrialised nations to buy certified emission reduction credits, the so-called carbon credits, from developing countries.

The Group expects its wind power business to generate long-term returns from the sale of electricity; returns are enhanced by revenue from the sale of carbon credits and VAT benefits the Group's projects enjoy.

The favorable policy environment will attract other sino-foreign joint ventures into wind power investment. However, the Group's EPC capability and substantial wind resources distinguish it from foreign competitors and make it an attractive potential business partner.

The Group places strategic focus on people development and building a high quality workforce. We are able to attract talented wind-power specialists from the market and from universities. Leveraging its extensive knowledge of wind power, the Group provides high value-added services for wind power plant projects at different stages. These services include wind-power related design consultancy at the planning stage, EPC at the construction stage and maintenance at the operational stage.

As an important part of its integrated value-enhancing business, the Group manufactures high-quality wind power equipment, including tower tubes. Tower tubes account for a significant share of total component cost of a wind power project.

EPC revenue and the equipment sales revenue, with their relatively short payment cycles, enhance the Group's cash flow condition.

PROSPECTS *(Continued)*

The PRC Renewable Energy Law and related regulations form part of the broader thrust by the PRC Government to develop renewable energy into one of the major sources of energy in the country. China's total installed capacity of wind power doubled to 2,588MW in 2006, and is expected to triple from there to 8,000MW by 2010. Given the government's strong commitment to support the development of the wind power industry in China, the prospects for the Group are bright.

In addition to the two wind power projects under construction mentioned above, three other wind power plant projects are expected to commence construction this year for completion within calendar year 2008. Another eight wind power plant projects are planned to start construction and be completed in 2008 making a total of 14 wind power plants with an aggregated capacity of 670MW.

The Group has wind resources reserve to develop wind power plants with a total capacity exceeding 5,000 MW, sufficient for the development in the coming years. All the reserves have been verified for their resources availability.

Going forward, the Group will continue to build wind power plants to exploit its wind resources. The Group is also seeking to add to its wind resources and in pursuit of this objective, it has, together with a local partner tendered for six wind power projects. All the Group's wind power projects will be in joint venture with local Chinese partners so that the projects will qualify for carbon credits.

The Group is committed to wind power development and is confident that it will become one of the leading wind power enterprises in China generating recurring income from wind power plant investments and the provision of maintenance services and earning substantial revenues and profits from its EPC services and equipment manufacturing.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my gratitude and appreciation to all management and staff members for their dedication, contributions and hard work during the period.

By Order of the Board
Ko Chun Shun, Johnson
Chairman

Hong Kong, 4 December 2007

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its short term funding requirements with cash generated from operation, credit facilities from suppliers.

To satisfy the capital expenditure of the wind power business, the Group has raised net proceeds of HK\$923 million during the period by the placements of a total of 1,260 million new shares. The financial position of the Group was significantly improved.

As at the balance sheet date, current ratio measured at 34.99 times compared to 2.98 times at 31 March 2007. The gearing ratio (Long term debts over Equity and long term debts) measured at 0.04 compared to 0.38 at 31 March 2007. Also the consolidated net asset value of the Group stood at approximately HK\$1,556 million as at 30 September 2007 compared to the consolidated net asset value of approximately HK\$17.5 million as at 31 March 2007. This represents a consolidated net asset per share of HK\$0.41 compared to HK\$0.02 recorded at 31 March 2007, a significant increase of approximately 20 times.

As at the balance sheet date, the Group has no bank and other borrowing. The Group did not engage in the use of any other financial instruments for hedging purposes, and there was no hedging instrument outstanding as at 30 September 2007.

CAPITAL STRUCTURE

During the period, the Company has the following movement in the share capital:

- (a) Pursuant to a subscription agreement dated 22 May 2007, a total of 800,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a subscription price of HK\$0.50 per share, raising a net proceed of approximately HK\$387 million. Details of the transaction were disclosed in the announcement of the Company dated 23 May 2007 .
- (b) On 25 May 2007, 1,350,000,000 ordinary shares of HK\$0.01 each of the Company were issued upon the conversion of 1,350,000,000 convertible preference shares.

CAPITAL STRUCTURE *(Continued)*

- (c) On 30 July 2007, 200,000,000 ordinary shares of HK\$0.01 each of the Company were issued upon the conversion of 162,962,963 convertible preference shares.
- (d) Pursuant to a subscription agreement dated 30 July 2007, 460,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a subscription price of HK\$1.20 per share, raised a net proceed of approximately HK\$536 million. Details of the transaction were disclosed in the announcement of the Company dated 31 July 2007.
- (e) The authorised share capital of the Company was increased to HK\$100,000,000 by creation of an additional 4,000,000,000 new ordinary shares of HK\$0.01 each. Details of the increase of authorised share capital were disclosed in the Circular of the Company dated 13 July 2007.

STAFF AND REMUNERATION

As at 30 September 2007, the Group employed approximately 178 full time employees, of which approximately 79 were in the PRC. The remuneration of employees include salary and discretionary bonus. The Group also adopted a share option scheme to provide an incentive to the employees.

The remuneration policy and package, include the share options, of the Group's employees are maintained at market level and reviewed annually by the management.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30 September 2007, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code contained in the Listing Rules, were as follows:

Interests and short positions in the shares and the underlying shares of the preference shares of the Company as at 30 September 2007

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

Name of the Director	Number of shares held and nature of interest				Total	Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate			
Mr. Ko Chun Shun, Johnson	—	—	2,160,000,000	2,160,000,000	57.44	

Mr. Ko Chun Shun, Johnson is deemed to be interested in 2,160,000,000 shares held by Gain Alpha Finance Limited ("Gain Alpha"). Gain Alpha is wholly-owned by Mr. Ko Chun Shun, Johnson.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

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

Name of the Director	Number of shares held and nature of interest				Total	Approximate percentage of the total issued share capital (%)
	Personal	Family	Corporate			
Mr. Ko Chun Shun, Johnson	—	—	647,037,037		647,037,037	n/a

Gain Alpha held 647,037,037 preference shares which were convertible into 794,090,909 new shares of the Company based on their prevailing conversion price, subject to adjustment(s).

Save as disclosed above, as at 30 September 2007, none of the directors and the chief executive of the Company and/or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the heading "Directors and Chief Executives' Interests and/or Short Positions in the Shares, Underlying shares and Debentures of the Company or any Associated Corporation" above, at no time during the period was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors of the Company (including their respectively spouse and children under the age of 18) to acquire benefits by 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 30 September 2007, 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 underlying shares of the convertible notes of the Company:

Name of the holder of the convertible notes	Amount of the convertible notes <i>HK\$</i>	Number of the total underlying shares
China Wind Power Investment Limited	100,000,000	1,010,101,010

Note: China Wind Power Investment Limited is controlled by Mr. Yang Ji.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2007, 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 set out in Appendix to the Listing Rules, except with the following deviation:

Code Provision A.2.1

There is no separation of the role of chairman and chief executive officer (“CEO”) as set out in the code provision A.2.1 until 12 July 2007. Mr. Liu Shunxing has been appointed as an executive director and the CEO of the Company with effect from 13 July 2007.

All other information on the Corporate Governance Practices of the Company have been disclosed in the corporate governance report contained in the 2007 Annual Report of the Company issued in July 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2007.

AUDIT COMMITTEE

The Audit Committee comprises of three Independent Non-executive Directors, Mr. Ho Tak Man, Billy, Dr. Wong Yau Kar, David and Mr. Yap Fat Suan. Mr. Yap Fat Suan is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the Code of Best Practice and the Corporate Governance Code. The Group's unaudited condensed interim financial information for the six months ended 30 September 2007 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standard and legal requirements, and that adequate disclosures have been made.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Board of Directors (the "Directors") of China WindPower Group Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007 together with comparative figures for the corresponding period in 2006. The unaudited interim financial report has been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2007	2006
	<i>Notes</i>	(Unaudited) HK\$'000	(Unaudited) Restated HK\$'000
Revenue		68,277	22,506
Cost of revenue		(37,183)	(14,211)
Gross profit		31,094	8,295
Selling and distribution costs		(11,221)	(8,378)
Administrative expenses		(7,092)	(1,538)
Other income		5,968	693
Other operating income/(expenses)		2,747	(37,539)
Operating profit/(loss)		21,496	(38,467)
Finance costs	4	(1,536)	(978)
Share of profits of associated companies		333	—
Profit/(loss) before tax	3	20,293	(39,445)
Taxation	5	—	—
Profit/(loss) for the period		20,293	(39,445)
Attributable to:			
Equity holders of the Company		18,589	(39,445)
Minority interests		1,704	—
		20,293	(39,445)
Earnings/(loss) per share			
— Basic	7	HK cents 0.72	HK cents (2.81)
— Diluted	7	HK cents 0.57	HK cents —

CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2007	31 March 2007
	<i>Notes</i>	(Unaudited) HK\$'000	(Audited) HK\$'000
Non-current assets			
Property, plant and equipment		5,887	1,880
Goodwill	21	569,309	—
Interests in associates	8	42,059	—
Interests in jointly controlled entities	9	88,502	—
		705,757	1,880
Current assets			
Inventories		26,867	9,124
Trade receivables, net	10	730	2,030
Prepayments, deposits and other receivables		60,125	3,518
Financial assets held for trading	11	20,531	3,124
Cash and cash equivalents		833,018	22,669
		941,271	40,465
Current liabilities			
Trade payables	12	16,688	8,109
Other payables and accruals		9,045	5,376
Amount due to a minority shareholder		1,033	—
Provision for long service payments		96	96
Current portion of hire purchase creditors		36	—
		26,898	13,581
Net current assets			
		914,373	26,884
Total assets less current liabilities			
		1,620,130	28,764
Non-current liabilities			
Convertible notes	13	61,446	—
Convertible preference shares	14	2,536	10,790
Provision for long service payments		511	511
Hire purchase contract payables		141	—
		64,634	11,301
Net assets			
		1,555,496	17,463
Capital and reserves attributable to the Company's equity holders			
Share capital	16	37,603	9,503
Reserves	16	1,511,037	7,960
		1,548,640	17,463
Minority interests			
	16	6,856	—
		1,555,496	17,463

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 September	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Total equity/(deficiency) at 1 April	17,463	(77,758)
Net income for the period recognised directly in equity:		
Exchange gain arising on translation of financial statements of foreign subsidiaries	478	—
Net income recognised directly in equity	478	—
Net profit/(loss) for the period	20,293	(39,445)
Total recognised income for the period (Note)	20,771	(39,445)
Movement in equity from capital transactions:		
Conversions of shares	7,976	—
Proceeds from issue of shares	923,781	—
Issue of convertible notes	580,353	—
Minority interests arising on business combination	6,314	—
Acquisition of equity interests held by minority shareholders	(1,162)	—
	1,517,262	—
Total shareholders' equity/(deficiency) at 30 September	1,555,496	(117,203)
Note: Total recognised income for the period		
Equity holders of the Company	19,067	(39,445)
Minority interests	1,704	—
	20,771	(39,445)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(153,510)	281
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	21	39,425	(785)
NET CASH INFLOW FROM FINANCING ACTIVITIES		923,956	998
INCREASE IN CASH AND CASH EQUIVALENTS		809,871	494
Effects of exchange rate changes on the balance of cash held in foreign currency		478	—
Cash and cash equivalents at beginning of period		22,669	751
CASH AND CASH EQUIVALENTS AT END OF PERIOD		833,018	1,245
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		833,018	1,245

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation and Principal Accounting Policies

The condensed consolidated interim financial statements for the six months ended 30 September 2007 have been prepared in accordance with the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2007.

2. Segment Information

During the period, the Group has redefined its classification of business segments so as to better align its segment information disclosure to its current operations. The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. The following table presents the revenue, profit/(loss) for the Group's re-defined business segments for the six months period ended 30 September 2007 and 30 September 2006. The comparative figures have been reclassified to conform to the current period's presentation.

	Nam Pei Hong (Unaudited)		Windpower business (Unaudited)		Eliminations (Unaudited)		Consolidated (Unaudited)	
	Restated		Restated		Restated		Restated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	31,961	22,506	36,316	—	—	—	68,277	22,506
Intersegment sales	196	148	—	—	(196)	(148)	—	—
Total	32,157	22,654	36,316	—	(196)	(148)	68,277	22,506
Segment results	121	(1,603)	17,551	—			17,672	(1,603)
Interest income							5,345	597
Unallocated revenue and gains							3,370	96
Unallocated corporate expenses							(4,891)	(37,557)
Profit/(loss) from operating activities							21,496	(38,467)

As all of the Group's turnover and profits were derived from Hong Kong and PRC, accordingly no separate geographical segment analysis is presented.

3. Profit before Tax

Profit/(loss) before tax is arrived at after charging/(crediting):

	Group	
	For the six months	
	ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	19,452	14,052
Cost of services provided	17,731	159
Loss on deemed disposal of subsidiaries	—	32,554
Provision for amount due from an intermediate holding company	—	596
Depreciation	676	265
Provision for bad and doubtful debts	—	3,977
Provision for pending litigation	—	312

4. Finance Costs

	Group	
	For the six months	
	ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and other borrowings wholly repayable within five years	—	977
Interest on convertible notes	1,050	—
Interest on convertible preference shares	485	—
Interest on finance leases	1	1
	1,536	978

5. Taxation

No Hong Kong Profits tax has been provided for because the Group had no significant estimated assessable profits arising in Hong Kong during the period (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

In accordance with the relevant tax rules and regulations in Mainland China, several Company's subsidiaries in Mainland China enjoy tax exemptions and reductions. No Mainland China tax has been provided for during the period.

6. Interim Dividend

The Directors do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (2006: Nil).

7. Earnings/(Loss) per Share

The calculation of basic earnings/(loss) per share is based on the net profit from ordinary activities attributable to shareholders for the period of approximately HK\$18,589,000 (2006: net loss of HK\$39,445,000) and the weighted average number of 2,567,811,365 (2006: 1,403,796,698) ordinary shares in issue during the period.

The 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 amount is calculated based on 2,567,811,365 ordinary shares which was the weighted average number of ordinary shares in issue during the period plus the weighted average number of 895,101,010 ordinary shares deemed to be issued if all outstanding convertible preference shares and convertible notes had been converted into shares as at 1 April 2007.

No diluted loss per share was presented in 30 September 2006 as there were no dilutive potential ordinary shares arising from the exercise of share options or the conversion of convertible securities.

8. Interests in Associates

	Group 30 September 2007
	(Unaudited)
	HK\$'000
Share of net assets of associated companies	42,059

8. Interests in Associates (Continued)

Particulars of the associated companies as at 30 September 2007 are as follows:

Name of associates	Place of incorporation/ registration	Nominal value of issued ordinary share /registered capital	Proportion of nominal value of issued share /registered capital held by the Group		Proportion of voting power held	Principal activities
			Direct	Indirect		
Changtu Liaoneng Xixin Wind Power Co., Ltd. (*) 昌圖遼能協鑫風力發電有限公司	People's Republic of China	RMB143,000,000	25%	—	25%	Operation of wind power plant
Zhengzhou Zhengji Century Concord Equipment Co., Ltd. (*) 鄭州正機協合能源裝備科技有限公司	People's Republic of China	RMB10,000,000	28%	—	28%	Manufacture and sale of wind power electricity generating facilities

(*) For identification purpose only

The summarised financial information in respect of the Group's associated companies is as follows:

	30 September 2007
	(Unaudited)
	HK\$'000
Total assets	376,739
Total liabilities:	(209,834)
Net assets	166,905
Share of net assets of associated companies	42,059
Group share of profits of associates for the period from 2 August 2007 to 30 September 2007	
	Period ended 30 September 2007
	(Unaudited)
	HK\$'000
Revenue	7,730
Expenses	(6,652)
Profit for the period	1,078
Group share of profits of associates for the period	333

9. Interests in Jointly Controlled Entities

	30 September 2007
	(Unaudited) HK\$'000
Share of net assets	233,475
Amounts due to jointly controlled entities	(144,973)
Share of net assets	88,502

Particulars of the jointly controlled entities as at 30 September 2007 are as follows:

Name of jointly controlled entities	Place of incorporation/ registration	Nominal value of issued ordinary share /registered capital	Proportion of nominal value of issued ordinary share/ registered capital held by the Group		Principal activities
			Direct	Indirect	
The Taipusiqi Century Concord-Shenhua Wind Power Investment Limited 太仆寺旗中華協合風力發電投資有限公司	People's Republic of China	RMB136,000,000	50%	—	Operation of wind power plant
Jilin CWP-milestone Wind Power Co., Ltd 吉林里程協合風力發電有限公司	People's Republic of China	RMB150,000,000	50%	—	Operation of wind power plant
Fuxin Union Wind Power Co., Ltd.(*) 阜新聯合風力發電有限公司	People's Republic of China	RMB121,500,000	50%	—	Operation of wind power plant
The Erlianhaote Changfeng Century Concord Wind Power Exploiture Ltd. 二連浩特長風協合風能開發有限公司	People's Republic of China	RMB76,000,000	49%	—	Operation of wind power plant

(*) For identification purpose only

9. Interests in Jointly Controlled Entities *(Continued)*

The summarised financial information in respect of the Group's jointly controlled entities is as follows:

	30 September 2007
	(Unaudited) HK\$'000
Total assets:	532,550
Total liabilities	(48,626)
Net assets	483,924
Revenue	—
Expenses	—
Profit for the period	—

10. Trade Receivables

The Group's credit terms granted to customers range between 30 and 90 days.

An aged analysis of the trade receivables as at the balance sheet date, net of provisions, is as follows:

	Group	
	30 September 2007	31 March 2007
	(Unaudited) HK\$'000	(Audited) HK\$'000
Within 3 months	708	1,909
4 to 6 months	—	100
7 to 12 months	1	—
13 to 24 months	1	1
Over 24 months	20	20
	730	2,030

11. Financial Assets Held for Trading

	Group	
	30 September 2007	31 March 2007
	(Unaudited) HK\$'000	(Audited) HK\$'000
Listed securities:		
— Equity securities — Hong Kong	20,531	3,124
Market value of listed securities	20,531	3,124

Changes in fair values of financial assets held for trading are recorded in other operating income, in the income statement.

The fair value of all listed equity securities is based on their closing market price quoted on The Stock Exchange of Hong Kong Limited as at 30 September 2007..

12. Trade Payables

An aged analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	30 September 2007	31 March 2007
	(Unaudited) HK\$'000	(Audited) HK\$'000
Within 3 months	13,673	6,967
4 to 6 months	2,823	927
7 to 12 months	5	28
13 to 24 months	1	1
Over 24 months	186	186
	16,688	8,109

13. Convertible Notes

On 29 April 2007, the Company entered into a Sale and Purchase Agreement (“the S&P Agreement”) with China Wind Power Investment Limited (“Vendor”). Pursuant to the S&P Agreement, the Company has acquired the entire issued share capital of China Wind Power Holdings Limited (together with its subsidiaries and associated companies, the “Wind Power Group”), on 1 August 2007. The initial consideration for the acquisition is HK\$100,000,000 and the maximum consideration is HK\$200,000,000 depending on the audited net profit of the Wind Power Group for the year immediately following the completion of the S&P Agreement on 1 August 2007.

The consideration for the acquisition was settled by the issue of the convertible notes. The first tranche of convertible notes of HK\$100,000,000 were issued on 1 August 2007. The convertible notes bear interest of 1% per annum, payable yearly in arrears. The convertible notes may be converted, in whole or in part, into new Shares at the adjusted conversion price of HK\$0.099 per Share, subject to adjustment(s). If the maximum amount of the convertible notes is issued, 2,020,202,020 conversion Shares (representing the maximum consideration of HK\$200,000,000) may fall to be issued upon conversion of the convertible notes in full, subject to adjustment(s). Conversion may occur at any time within 5 year from 1 August 2007. Details of this acquisition were disclosed in the circular of the Company dated 13 July 2007.

The convertible notes contain two components, liability and equity elements. The fair value of the liability component included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible loan. The residual amount, representing the value of the equity conversion option, is included in shareholders’ equity in other reserves (Note 16).

The convertible notes recognised in the balance sheet is calculated as follows:

	Group and Company
	HK\$'000
Fair value of the convertible notes issued on 1 August 2007	640,750
Equity component	(580,354)
Liability component on initial recognition at 1 August 2007	60,396
Interest expenses	1,217
Interest paid	(167)
Liability component as at 30 September 2007	61,446

13. Convertible Notes *(Continued)*

The fair value of the liability component of the convertible notes at 30 September 2007 amounted to approximately HK\$61,446,000. The fair value is calculated using cash flow discounted at an effective interest rate of 12%.

14. Convertible Preference Shares

	Number of shares '000s	Nominal amount HK\$'000
Convertible preference shares of HK\$0.01 each:		
Authorised		
Balance at 1 April 2007	2,500,000	25,000
	<hr/>	<hr/>
Issued and fully paid:		
Balance at 1 April 2007	2,160,000	21,600
Converted during the period	(1,512,963)	(15,129)
	<hr/>	<hr/>
	647,037	6,471
	<hr/>	<hr/>

The convertible preference shares of HK\$0.01 each are convertible into such number of ordinary shares of HK\$0.01 each in the share capital of the Company to be determined by the issue price of HK\$0.027 of such preference shares divided by then the effective applicable conversion price of HK\$0.022, subject to adjustment(s), after the date of their issuance but before the fifth anniversary.

The fair value of the liability component included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible loan. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity in other reserves (*Note 16*).

The fair value of the liability component of the convertible preference shares at 30 September 2007 amounted to HK\$2,536,203.

15. Share Option Schemes

There were no share options granted or exercised during the period. There were a total of 1,700,000 share options lapsed during the period. No share options were outstanding at the end of the period.

16. Capital & Reserves

	Attributable to shareholders of the Company								
	Ordinary Share		Contributed surplus	Exchange reserve	Other reserves	Accumulated losses	Total	Minority interests	Total equity
	share capital	premium account							
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31 March 2007	9,503	162,464	78,810	—	47,230	(280,544)	17,463	—	17,463
Conversion of shares	15,500	25,350	—	—	(32,874)	—	7,976	—	7,976
Issue of shares	12,600	939,400	—	—	—	—	952,000	—	952,000
Issue of convertible notes	—	—	—	—	580,354	—	580,354	—	580,354
Cost of issuance of shares	—	(28,220)	—	—	—	—	(28,220)	—	(28,220)
Acquisition of subsidiaries	—	—	—	478	—	—	478	6,314	6,792
Profit for the period	—	—	—	—	—	18,589	18,589	1,704	20,293
Acquisition of equity interest from minority shareholders	—	—	—	—	—	—	—	(1,162)	(1,162)
At 30 September 2007	37,603	1,098,994	78,810	478	594,710	(261,955)	1,548,640	6,856	1,555,496

Share Capital

During the period, the Company has the following movement in the share capital:

- (a) Pursuant to a subscription agreement dated 22 May 2007, a total of 800,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a subscription price of HK\$0.50 per share, raising a net proceed of approximately HK\$387 million. Details of the transaction were disclosed in the announcement of the Company dated 23 May 2007 .
- (b) On 25 May 2007, 1,350,000,000 ordinary shares par value HK\$0.01 each of the Company were issued upon the conversion of 1,350,000,000 convertible preference shares.

16. Capital & Reserves (Continued)

Share Capital (Continued)

- (c) On 30 July 2007, 200,000,000 ordinary shares par value HK\$0.01 each of the Company were issued upon the conversion of 162,962,963 convertible preference shares.
- (d) Pursuant to a subscription agreement dated 30 July 2007, a total of 460,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a subscription price of HK\$1.20 per share, raising a net proceed of approximately HK\$536 million. Details of the transaction were disclosed in the announcement of the Company dated 31 July 2007.
- (e) The Company's authorised share capital was increased to HK\$100,000,000 by creation of an additional 4,000,000,000 new ordinary shares of HK\$0.01 each. Details of the increase of authorised share capital were disclosed in the circular of the Company dated 13 July 2007.

17. Pledge of Assets

At 30 September 2007, no assets of the Group were pledged for security.

18. Contingent Liabilities

The Group did not have any contingent liabilities as at 30 September 2007.

19. Commitments

The Group did not have any material capital commitment as at 30 September 2007.

Commitments under operating leases as lessee

The Group leases certain of its office and retail properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

19. Commitments (Continued)**Commitments under operating leases as lessee**

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

	30 September 2007	31 March 2007
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within one year	9,378	6,085
In the second to fifth years, inclusive	8,240	2,258
	17,618	8,343

20. Related Party Transactions

During the period, the Group entered into the following transactions with related parties:

	Period ended 30 September 2007
	(Unaudited)
	HK\$'000
Construction revenue from jointly controlled entities	44,895
Consultancy fee income from jointly controlled entities	17,297

21. Note to the Condensed Consolidated Cash Flow Statement

Acquisition of subsidiaries

On 1 August 2007, the acquisition of the Wind Power Group was completed. The amount of the goodwill arising as a result of the acquisition was approximately HK\$569,309,000. Details of the transactions were disclosed in the Company's announcement dated 21 May 2007.

The Wind Power Group is principally engaged in the operation, management and investment in wind power electricity generating facilities in the People's Republic of China ("PRC"). The Wind Power Group also plans to engage in the development, manufacture and sale of wind power related facilities.

The net assets acquired in the transaction and the goodwill arising are as follows:

	As at 1 August 2007
	(Unaudited) HK\$'000
Net assets acquired of:	
Fixed assets	403
Interests in associates	41,734
Interests in jointly controlled entities	69,062
Other debtors and receivables	3,682
Bank and Cash	63,441
Amount due to a minority shareholder	(1,033)
Other payables and accruals	(22,344)
Other short term borrowings	(73,095)
Minority interests	(6,314)
Net assets	75,536
Goodwill	569,309
	644,845
Satisfied by:	
Issue of convertible notes at fair value	640,750
Incidental acquisition costs	4,095
Fair value of total consideration paid	644,845

21. Notes to the Condensed Consolidated Cash Flow Statement *(Continued)***Acquisition of subsidiaries** *(Continued)*

Analysis of the net cashflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2007
	HK\$'000
Payments for incidental acquisition costs	(4,095)
Bank and cash balance acquired	63,441
	<hr/>
Net inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	59,346
	<hr/>

22. Event after the Balance Sheet Date

There were no significant event after the balance sheet date up to the date of approval of the condensed consolidated interim financial statements.

23. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

24. Approval of the Unaudited Condensed Consolidated Interim Financial Statements

The unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Directors on 4 December 2007.

BOARD OF DIRECTORS

Executive Directors

Mr. Ko Chun Shun, Johnson (Chairman)
Mr. Liu Shunxing (Chief Executive Officer)
Mr. Wang Xun
Mr. Yang Zhifeng
Ms. Liu Jianhong
Mr. Chan Kam Kwan, Jason

Non-executive Director

Mr. Tsoi Tong Hoo, Tony

Independent non-executive Directors

Mr. Ho Tak Man, Billy
Mr. Yap Fat Suan
Dr. Wong Yau Kar, David

COMPANY SECRETARY

Mr. Chan Kam Kwan, Jason

QUALIFIED ACCOUNTANT

Mr. Jim Pak Keung, Patrick

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

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