



# MANAGEMENT DISCUSSION AND ANALYSIS

(In Rupees Crores, unless otherwise specified)

The following information is provided to assist investors in understanding the financial performance of the Company and its operations.

## Macro-Economic and Industry Development

2009 was a challenging year for the Indian economy. The Government has implemented various measures to stimulate growth and create employment opportunities. The Finance Minister's budget for 2009-10 has been well-received by the market. The Government's focus on infrastructure development and the private sector is expected to drive growth in the coming years. The overall economic environment is expected to improve in 2010.

Energy is a key sector for the Indian economy. The Government has implemented various measures to increase the production and distribution of energy. The Finance Minister's budget for 2009-10 has provided for an increase in the allocation of funds for the energy sector. The Government's focus on increasing the production and distribution of energy is expected to drive growth in the coming years. The overall economic environment is expected to improve in 2010.

## New Contract

The Company has secured a new contract for the supply of goods and services. The contract is valued at Rs. 41.677 Crores. The contract is for a period of 12 months. The Company has secured the contract through a competitive bidding process. The contract is expected to contribute significantly to the Company's revenue in the coming years. The overall economic environment is expected to improve in 2010.

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## R&D and Introduction of Technologies

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## Reform and Management

Common ...  
Common ...  
Common ...

### Profit

In 2009, ... 606.21 million, ... 41.81%  
... 0.44, ... 0.32 million  
... 8,639.03 million,  
... 502.95 million,  
... 6.27, ... 0.36 million.

During the year, ...  
...  
...

### DIVIDEND

A dividend of 0.068 cents per share (2008: 0.075 cents per share) for 2009 (2008: 0.075 cents per share).

### TURNOVER

In 2009, ... 28,629.52 million, ... 4.26%  
... 19,220.79 million, ... 6.21%  
... 67.14%  
... 1,893.43 million, ... 33.87%  
... 6.61%  
... 4,299.67 million, ... 24.77%  
... 15.02%  
... 1,251.3 million, ... 7.78%  
... 4.37%  
... 1,964.33 million, ... 1.25%  
... 6.86%

During the year, ... 4,325.66 million, ...  
... 1,510.68 million, ... 15.11%  
...

### COST

During the year, ... 24,964.02 million, ... 3.60%  
...

**GROSS PROFIT AND GROSS PROFIT MARGIN**

During the period, gross profit from operations was \$3,665.51 million, or 8.52% of revenue, compared to \$3,665.51 million, or 12.80%, for the period ended December 31, 2007. The increase of 0.6 percentage points is primarily due to the increase in gross profit from operations of \$1.46 billion, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008. The increase in gross profit from operations is primarily due to the increase in gross profit from operations of \$285.2 million, or 65.2%, from \$16.53 million in 2007 to \$285.2 million in 2008. The increase in gross profit from operations is primarily due to the increase in gross profit from operations of \$1.46 billion, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008.

Amortization expense from operations was \$2,572.87 million, or 47.01% of revenue, compared to \$2,572.87 million, or 47.01%, for the period ended December 31, 2007. The increase of 1.46 percentage points is primarily due to the increase in amortization expense from operations of \$220.66 million, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008. The increase in amortization expense from operations is primarily due to the increase in amortization expense from operations of \$285.2 million, or 65.2%, from \$16.53 million in 2007 to \$285.2 million in 2008. The increase in amortization expense from operations is primarily due to the increase in amortization expense from operations of \$1.46 billion, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008.

**EXPENSES DURING THE PERIOD**

During the period, expenses during the period were \$388.59 million, or 36.69% of revenue, compared to \$388.59 million, or 36.69%, for the period ended December 31, 2007. The increase of 0.6 percentage points is primarily due to the increase in expenses during the period of \$1.46 billion, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008.

Employee compensation expense was \$2,325.71 million, or 47.98% of revenue, compared to \$2,325.71 million, or 47.98%, for the period ended December 31, 2007. The increase of 1.46 percentage points is primarily due to the increase in employee compensation expense from operations of \$220.66 million, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008.

**INTEREST EXPENSE**

In 2009, interest expense was \$180.38 million, or 14.94% of revenue, compared to \$180.38 million, or 14.94%, for the period ended December 31, 2007. The increase of 0.6 percentage points is primarily due to the increase in interest expense from operations of \$1.46 billion, or 23.13%, from \$437.99 million in 2007 to \$437.99 million in 2008.

**FUNDING AND BORROWINGS**

During the period, funding and borrowings were \$399.5 million, or 47.47% of revenue, compared to \$399.5 million, or 47.47%, for the period ended December 31, 2007. The increase of 20.34 percentage points is primarily due to the increase in funding and borrowings of \$2.19 billion, or 20.34%, from \$437.99 million in 2007 to \$437.99 million in 2008.

As at 31 December 2009, the company's total assets were RM 3,995.68 million (31 December 2008: RM 4,405.82 million). The company's total liabilities were RM 1,288.58 million (31 December 2008: RM 1,417.88 million). The company's total equity was RM 2,707.1 million (31 December 2008: RM 2,988.02 million).

## DEPOSITS AND CASH FLOW

As at 31 December 2009, the company's deposits were RM 14,165.73 million (31 December 2008: RM 13,864.13 million). The company's cash and cash equivalents were RM 4,530.2 million (31 December 2008: RM 4,530.2 million). The company's cash and cash equivalents were RM 1,058.48 million (31 December 2008: RM 80.75 million).

## CAPITAL STRUCTURE AND CHANGES THEREOF

As at 31 December 2009, the company's total capital structure was RM 52,876.38 million (31 December 2008: RM 52,876.38 million), comprising RM 3,909.76 million (7.39%) of equity and RM 48,966.62 million (92.61%) of debt. The company's debt was RM 47,585.42 million (89.99%) of long-term debt and RM 1,381.20 million (2.62%) of short-term debt. The company's equity was RM 3,909.76 million (7.39%) of equity.

## LIABILITIES

As at 31 December 2009, the company's total liabilities were RM 42,659.12 million (31 December 2008: RM 42,659.12 million), comprising RM 3,260.42 million (7.64%) of equity and RM 39,398.70 million (92.36%) of debt. The company's debt was RM 31,019.63 million (72.72%) of long-term debt and RM 8,379.07 million (19.64%) of short-term debt. The company's equity was RM 3,260.42 million (7.64%) of equity.

## SHAREHOLDERS' EQUITY

As at 31 December 2009, the company's total shareholders' equity was RM 8,639.03 million (31 December 2008: RM 8,639.03 million), comprising RM 502.95 million (5.82%) of equity and RM 8,136.08 million (94.18%) of debt. The company's debt was RM 6.27 million (0.07%) of long-term debt and RM 8,129.81 million (94.11%) of short-term debt. The company's equity was RM 502.95 million (5.82%) of equity.

## GEARING RATIO

As at 31 December 2009, the company's gearing ratio (net debt to equity ratio) was 1.35:1 (31 December 2008: 1.09:1).

## CONTINGENT LIABILITIES AND PLEDGE OF ASSET

As at 31 December 2009, the company's contingent liabilities were RM 526.23 million (31 December 2008: RM 526.23 million).

**CAPITAL EXPENDITURES AND MAJOR INVESTMENTS**

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**3. Internal research and external imports with an creative approach to raise our own innovation ability.**

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**4. Improve internal control, strengthen our solid foundation and enhance our management.**

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**5. Bring out actual effect, make a steady progress and complete the technological upgrade plans in a high-quality and efficient manner.**

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**CONFIRMATION ON CONNECTED TRANSACTIONS**

The Company has entered into the following connected transactions with its related parties (including its subsidiaries) during the reporting period:

1. The Company has entered into the following connected transactions with its related parties during the reporting period:
2. The Company has entered into the following connected transactions with its related parties during the reporting period:
3. The Company has entered into the following connected transactions with its related parties during the reporting period:

**CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has confirmed that the independent non-executive directors are independent and qualified to act as independent non-executive directors in accordance with the listing rules of the Exchange.

**SHAREHOLDING STRUCTURE**

As at the end of the reporting period, the Company has 1,376,806,000 shares in issue, of which 701,235,000 shares (representing 50.93% of the total number of shares in issue) are held by the Company's subsidiaries, and 675,571,000 shares (representing 49.07% of the total number of shares in issue) are held by other shareholders.

**MODEL CODE**

The Company has adopted the Model Code for Directors on Connected Transactions as set out in Appendix A to the Listing Rules.

**CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the Code on Corporate Governance Practices as set out in Appendix A to the Listing Rules.

**POST BALANCE SHEET EVENTS**

There have been no post-balance sheet events that have a material effect on the financial statements of the Company.

**AUDITORS**

The Company's auditor for the reporting period is the Chartered Accountants, PricewaterhouseCoopers (PwC).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

31, 200

		<b>2009</b> <i>Rmb'000</i>	2008 '000
<b>Revenue</b>	5	<b>28,629,522</b>	29,903,544
Cost of sales		<u>(24,964,015)</u>	<u>(25,896,464)</u>
<b>Gross profit</b>		<b>3,665,507</b>	4,007,080
Other income	7	<b>568,962</b>	391,260
Depreciation and amortisation		<b>(388,589)</b>	(425,281)
Administrative expenses		<b>(2,325,715)</b>	(2,153,807)
Finance expenses		<b>(390,036)</b>	(74,000)
Finance income	8	<b>(180,381)</b>	(195,325)
Other comprehensive income		<b>34,764</b>	23,320
<b>Profit before taxation</b>		<b>984,512</b>	1,573,247
Income tax expense		<u>(226,871)</u>	<u>(289,532)</u>
<b>Profit and total comprehensive income for the year</b>	10	<b><u>757,641</u></b>	<u>1,283,715</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>606,206</b>	1,041,837
Minority interests		<b>151,435</b>	241,878
		<u><b>757,641</b></u>	<u>1,283,715</u>
Employee share options	13	<b><u>Rmb44.0cents</u></b>	<u>in 75.7 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 , 200

	2009 <i>Rmb'000</i>	2008 <i>'000</i>
<b>Non-currents assets</b>		
Property, plant and equipment	4,261,254	3,802,837
Intangible assets	248,724	271,383
Right-of-use assets	342,018	350,438
Investments	98,881	114,223
Deferred tax assets	133,932	133,837
Other non-current assets	179,079	150,536
Assets for sale	27,074	27,074
	<b>5,290,962</b>	<b>4,850,328</b>
<b>Current assets</b>		
Inventory	14,230,160	12,941,218
Trade receivables	12,168,981	12,354,226
Bank balances	600,844	361,324
Prepaid expenses, other receivables and other assets	4,852,058	6,537,067
Other non-current assets	10,176	9,710
Amounts from related parties	947,326	1,045,979
Amounts from financial institutions	76,908	66,353
Other bank balances	7,006	14,568
Other bank balances	526,229	484,255
Bank balances	3,553,595	3,079,921
Current tax assets	10,612,136	7,221,676
	<b>47,585,419</b>	<b>44,116,297</b>
<b>Current liabilities</b>		
Amounts from related parties	509,964	757,056
Trade payables	10,166,545	7,715,110
Other payables and provisions	3,173,130	2,055,636
Deferred tax	15,216,864	18,656,591
Derivative financial instruments	-	3,133
Amounts from financial institutions	51,757	50,069
Amounts from non-current assets	20,478	13,470
Bank balances	1,288,579	870,704
Other bank balances	592,313	375,591
	<b>31,019,630</b>	<b>30,497,360</b>
<b>Net current assets</b>	<b>16,565,789</b>	<b>13,618,937</b>
<b>Total assets less current liabilities</b>	<b>21,856,751</b>	<b>18,469,265</b>

	<b>2009</b> <i>Rmb'000</i>	2008 '000
<b>CAPITAL AND RESERVES</b>		
Capital	<b>1,376,806</b>	1,376,806
Reserves	<b>7,262,220</b>	6,759,274
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Equity attributable to holders of Common shares	<b>8,639,026</b>	8,136,080
Minority interest	<b>1,578,236</b>	1,431,845
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<b>TOTAL EQUITY</b>	<b>10,217,262</b>	9,567,925
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<b>Non-current liabilities</b>		
Deferred tax	<b>8,118,370</b>	5,059,506
Accounts payable	<b>814,020</b>	306,720
Other non-current liabilities	<b>2,707,099</b>	3,535,114
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	<b>11,639,489</b>	8,901,340
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	<b>21,856,751</b>	18,469,265
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## STATEMENT OF FINANCIAL POSITION

31 , 200

	2009 <i>Rmb'000</i>	2008 <i>'000</i>
<b>Non-currents assets</b>		
Property, plant and equipment	1,039,374	927,582
Intangible assets	38,024	34,793
Investments in subsidiaries	2,413,428	2,413,428
Investments in associates	85,105	60,084
Available-for-sale financial assets	17,879	17,879
	<u>3,593,810</u>	<u>3,453,766</u>
<b>Current assets</b>		
Inventory	594,751	435,165
Prepaid expenses	433,762	309,603
Accounts receivable, other receivables and other assets	393,716	299,269
Other financial assets	1,252	754
Amounts from related parties	2,347,455	1,347,351
Bank deposits	-	56,254
Current tax receivable	979,068	453,387
	<u>4,750,004</u>	<u>2,901,783</u>
<b>Current liabilities</b>		
Accounts payable	312,345	272,010
Accounts payable to related parties	232,609	136,355
Deferred income	2,239,895	662,023
Amounts from related parties	-	567
Amounts from other related parties	310,674	184,866
Bank borrowings and other financial liabilities	-	97,500
Other financial liabilities	17,521	26,428
	<u>3,113,044</u>	<u>1,379,749</u>
<b>Net current assets</b>	<u>1,636,960</u>	<u>1,522,034</u>
<b>Total assets less current liabilities</b>	<u>5,230,770</u>	<u>4,975,800</u>

	<b>2009</b> <i>Rmb'000</i>	2008 '000
<b>CAPITAL AND RESERVES</b>		
Capital	<b>1,376,806</b>	1,376,806
Reserves	<b>3,527,720</b>	3,505,670
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<b>TOTAL EQUITY</b>	<b>4,904,526</b>	4,882,476
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<b>Non-current liabilities</b>		
Accounts payable	<b>292,460</b>	60,540
Other non-current liabilities	<b>33,784</b>	32,784
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	<b>326,244</b>	93,324
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	<b>5,230,770</b>	4,975,800
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

31, 200

	Attributable to equity holders of the Company							Minority interests	Total
	Share capital	Share premium	Statutory capital reserve	Statutory surplus reserve	Other reserve	Retained profits	Total		
	'000	'000	'000	'000	'000	'000	'000	'000	'000
A 1 J n r , 2008	1,376,806	1,980,295	709,850	531,614		2,614,428	7,212,993	1,199,417	8,412,410
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f r r						1,041,837	1,041,837	241,878	1,283,715
r f n n r n r r									
f r m n r r r					6,539		6,539	(9,460)	(2,921)
r n f r				28,413		(28,413)			
r r r n r r r n									
f r r r				(2,844)		2,844		10	10
D n ( 12)						(125,289)	(125,289)		(125,289)
A 31 D m r , 2008	1,376,806	1,980,295	709,850	557,183	6,539	3,505,407	8,136,080	1,431,845	9,567,925
r f n m r n n m									
f r r						606,206	606,206	151,435	757,641
D r n m n r n r								(5,044)	(5,044)
r n f r				12,531		(12,531)			
D n ( 12)						(103,260)	(103,260)		(103,260)
A 31 D m r , 2009	<u>1,376,806</u>	<u>1,980,295</u>	<u>709,850</u>	<u>569,714</u>	<u>6,539</u>	<u>3,995,822</u>	<u>8,639,026</u>	<u>1,578,236</u>	<u>10,217,262</u>

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# CONSOLIDATED STATEMENT OF CASH FLOWS

31, 200

	2009 Rmb'000	2008 '000
<b>Cash flows from operating activities</b>	<b>984,512</b>	<b>1,573,247</b>
Administration	548,874	265,511
Administration	30,776	52,519
Administration	10,707	9,710
Administration	22,023	17,160
Debt	(1,298)	(2,737)
Debt	374,589	436,996
Debt	16,060	16,222
Debt	180,381	195,325
Debt	(7,805)	(3,117)
Debt	(510)	-
Debt	(8,437)	-
Debt	-	1,772
Debt	(266,543)	(237,545)
Debt	-	3,133
Debt	2,300	19,803
Debt	-	4,613
Debt	1,659	-
Debt	(1,714)	(6,482)
Debt	(34,764)	(23,320)
<b>Operating profit before working capital changes</b>	<b>1,850,810</b>	<b>2,322,810</b>
Debt	(1,319,718)	(2,826,448)
Debt	(362,899)	(3,620,639)
Debt	(239,520)	(152,614)
Debt/(Debt)	1,684,279	(1,389,315)
Debt	98,653	2,586,612
Debt	(7)	(2,829)
(Debt)/Debt	(10,555)	974
Debt	(247,092)	(1,259)
Debt	2,451,435	2,447,719
Debt/(Debt)	1,117,494	(607,971)
(Debt)/Debt	(380,863)	4,912,109
Debt	1,688	26,643
Debt/(Debt)	299,850	(656,524)
<b>Cash generated from operations</b>	<b>4,943,555</b>	<b>3,039,268</b>
Debt	(103,260)	(125,289)
Debt	(310,094)	(361,375)
<b>Net cash generated from operating activities</b>	<b>4,530,201</b>	<b>2,552,604</b>

	2009 Rmb'000	2008 '000
<b>Cash flows from investing activities</b>		
Proceeds from disposal of fixed assets, net	-	1,000
Disposal of intangible assets	(473,674)	(2,139,921)
Interest received	266,543	237,545
Proceeds from disposal of subsidiaries, net	21,521	66,291
Proceeds from disposal of financial assets	7,109	-
Proceeds from disposal of investments	11,197	-
Dividend income	6,228	3,714
Disposal of fixed assets - foreign currency	1,298	2,737
Disposal of intangible assets	(41,974)	(314,571)
Proceeds from disposal of subsidiaries, net	(847,308)	(1,275,178)
Acquisition of subsidiaries	(5,513)	-
Proceeds from	(6,681)	(9,794)
Disposal/(increase)/decrease of intangible assets	7,562	(7,938)
Change in non-current financial assets	(4,792)	-
Proceeds from non-current financial assets	-	(2,921)
<b>Net cash used in investing activities</b>	<b>(1,058,484)</b>	<b>(3,439,036)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	343,986	733,226
Proceeds from	99,354	27,300
Amount from non-current financial assets	514,308	73,532
Change in non-current financial assets	(829,927)	(1,180,059)
Proceeds from	(180,381)	(195,325)
Change in non-current financial assets	(23,050)	(1,118)
Disposal of non-current financial assets	(5,044)	-
<b>Net cash used in financing activities</b>	<b>(80,754)</b>	<b>(542,444)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,390,963</b>	<b>(1,428,876)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,221,676</b>	<b>8,681,542</b>
<b>Effect of foreign exchange rate changes</b>	<b>(503)</b>	<b>(30,990)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,612,136</b>	<b>7,221,676</b>
<b>Analysis of cash and cash equivalents at the end of the year</b>		
Bank deposits	9,286,037	6,827,252
Bank	1,326,099	394,424
	<b>10,612,136</b>	<b>7,221,676</b>





### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period.

The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period. The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period.

#### Basis of consolidation

The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period. The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period.

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The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period. The financial statements are prepared on the basis of the accounting policies set out below. The accounting policies have been applied consistently throughout the period.



**Property, plant and equipment**

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Buildings	3.23%	6.47%
Plant and machinery	6.47%	13.86%
Equipment, fixtures and fittings	10.78%	19.40%
Leasehold improvements	16.17%	19.40%

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**Investment properties**

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**Prepaid lease payments**

... ..

**Construction contracts**

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**Intangible assets**

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main thermal power equipment, hydro power equipment, engineering services for power stations, ancillary equipment for power stations, AC/DC motors and others

2009

	Main thermal power equipment Rmb'000	Main hydro power equipment Rmb'000	Engineering services for power stations Rmb'000	Ancillary equipment for power stations Rmb'000	AC/DC motors and others Rmb'000	Eliminations Rmb'000	Consolidated Rmb'000
Equipment	19,220,791	1,893,429	4,299,673	1,251,301	1,964,328	-	28,629,522
Construction	1,736,527	-	-	-	-	(1,736,527)	-
Construction	<u>20,957,318</u>	<u>1,893,429</u>	<u>4,299,673</u>	<u>1,251,301</u>	<u>1,964,328</u>	<u>(1,736,527)</u>	<u>28,629,522</u>
Construction							
Equipment	<u>2,572,874</u>	<u>437,991</u>	<u>(60,962)</u>	<u>316,106</u>	<u>399,498</u>	<u>-</u>	3,665,507
Construction							(2,535,378)
Construction							(180,381)
Construction							34,764
Construction							984,512
Construction							(226,871)
Construction							<u>757,641</u>
Equipment	28,354,652	2,438,448	4,576,856	1,498,732	3,133,281	-	40,001,969
Construction							179,079
Construction							<u>12,695,333</u>
Construction							<u>52,876,381</u>
Equipment	29,811,273	2,692,148	3,036,218	1,675,755	1,728,146	-	38,943,540
Construction							<u>3,715,579</u>
Construction							<u>42,659,119</u>
Construction	563,920	99,329	8,094	16,245	171,914	-	859,502
Construction	271,128	43,687	10,329	13,135	36,310	-	374,589
Construction	-	-	-	-	16,060	-	16,060
Construction	17,813	218	-	1,288	2,704	-	22,023
Construction	8,490	1,296	40	385	496	-	10,707
Construction	<u>390,798</u>	<u>46,730</u>	<u>35,622</u>	<u>22,218</u>	<u>53,506</u>	<u>-</u>	<u>548,874</u>



## Geographical segments

Our operations are primarily conducted in the People's Republic of China (the "PRC"). Our operations are primarily conducted in the PRC, and our sales are primarily derived from the PRC market, and our sales are primarily derived from the PRC market.

	2009 Rmb'000	2008 '000
China	24,303,858	27,088,569
Other regions	4,325,664	2,814,975
<b>Total</b>	<b>28,629,522</b>	<b>29,903,544</b>

Our operations are primarily conducted in the PRC. Our operations are primarily conducted in the PRC, and our sales are primarily derived from the PRC market, and our sales are primarily derived from the PRC market.

## 7. OTHER INCOME

Our other income is primarily derived from:

	2009 Rmb'000	2008 '000
Dividend income	1,298	2,737
Interest income, net of finance costs	7,805	3,117
Income from disposal of property	510	-
Income from disposal of investments	8,437	-
Government grants	252,253	80,658
Other income	266,543	237,545
Finance income, net of finance costs	20,522	23,279
Income from disposal of property, net of finance costs	1,714	6,482
Other income	9,880	37,442
<b>Total</b>	<b>568,962</b>	<b>391,260</b>

## 8. FINANCE COSTS

	2009 Rmb'000	2008 '000
Interest expense	144,131	126,657
Interest expense, net of interest income	39,282	68,668
<b>Total</b>	<b>183,413</b>	<b>195,325</b>
Interest income	(3,032)	-
<b>Total</b>	<b>180,381</b>	<b>195,325</b>

Our interest expense is primarily derived from bank loans. Our interest expense is primarily derived from bank loans, and our interest expense is primarily derived from bank loans.

9. INCOME TAX EXPENSE

	2009 Rmb'000	2008 '000
Current income tax expense	239,022	351,325
Deferred income tax expense	(12,056)	(15,061)
	<u>226,966</u>	<u>336,264</u>
Deferred income tax expense (net)	(95)	(46,732)
	<u>226,871</u>	<u>289,532</u>

In 2008, the Company was recognized as a High-tech Enterprise (高新技術企業). According to the Chinese Enterprise Income Tax Law, the Company is entitled to a 15% corporate income tax rate for 2007 and 2008.

Effective from 2008, the Company's income tax rate is 15%, compared with 25% for the period from 2007 to 2008. The Company's income tax expense is as follows:

The following table summarizes the components of the Company's income tax expense:

	2009 Rmb'000	2008 '000
Income tax expense	<u>984,512</u>	<u>1,573,247</u>
Income tax expense at 15%	147,677	235,987
Deferred income tax expense	(5,215)	(3,498)
Additional income tax expense at 25%	(34,974)	5,987
Deferred income tax expense	(30,718)	(59,654)
Deferred income tax expense	98,333	41,998
Effective income tax rate: Current	(39,962)	(4,747)
Deferred income tax expense	(3,744)	-
Deferred income tax expense	107,530	88,520
Income tax expense	<u>(12,056)</u>	<u>(15,061)</u>
Income tax expense	<u>226,871</u>	<u>289,532</u>

**10. PROFIT FOR THE YEAR**

Profit for the year attributable to equity holders of the parent:		<b>2009</b>	2008
		<b>Rmb'000</b>	'000
Profit for the year attributable to equity holders of the parent (Note 11)		<b>1,172,907</b>	1,172,098
Minority interests		<b>22,448</b>	39,014
		<b>1,195,355</b>	1,211,112
Administrative expenses		<b>548,874</b>	265,511
Administrative expenses		<b>30,776</b>	52,519
Amortisation of intangible assets		<b>22,023</b>	17,160
Amortisation of financial assets at fair value through profit or loss		<b>10,707</b>	9,710
Allowance for impairment of financial assets		<b>2,500</b>	2,500
Cost of financial instruments at fair value		<b>23,013,191</b>	19,642,081
Depreciation of property, plant and equipment		<b>16,060</b>	16,222
Depreciation of right-of-use assets		<b>374,589</b>	436,996
Equity instruments at fair value through profit or loss		-	3,133
Financial assets at fair value through profit or loss		<b>1,659</b>	-
Financial assets at fair value through other comprehensive income		-	1,772
Financial assets at fair value through profit or loss		<b>700</b>	138,656
Financial assets at fair value through other comprehensive income		-	4,613
Financial assets at fair value through profit or loss		<b>2,300</b>	19,803
Financial assets at fair value through other comprehensive income		<b>463,633</b>	472,192

**11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS**

**2009**

Information on the remuneration of the 15 directors and supervisors is as follows:

	*	*	*	*	*	**	**	**	**	**	***	***	***	***	***	Total
	Mr. Gong	Mr. Zou	Mr. Duan	Mr. Shang	Mr. Wu	Mr. Sun	Ms. Li	Mr. Yu	Mr. Jia	Mr. Liu	Mr. Chen	Mr. Wang	Mr. Gao	Ms. Lu	Mr. Xu	2009
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Basic salary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director's remuneration	-	-	-	464	519	-	-	-	-	-	151	-	129	234	-	1,497
Contractual remuneration	-	-	-	14	14	-	-	-	-	-	14	-	14	14	-	70
Other remuneration	-	-	-	478	533	-	-	-	-	-	165	-	143	248	-	1,567

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