華潤電力控股有限公司
China Resources Power Holdings Company Limited
(Stock Code: 836)

Meeting the challenges of
The Future
2013 Annual Report

About CR Power

China Resources Power Holdings Company Limited (the "Company" or "CR Power") is a fast-growing energy company which invests, develops, operates and manages coal-fired power plants, wind farms, hydro-electric projects and other renewable energy projects in the more affluent regions or regions with abundant coal resources in China, and invests, develops, constructs and operates coal mines in China.

As at 31 December 2013, CR Power has 35 coal-fired power plants, 2 hydro-electric plants, 1 gas-fired plant and 51 wind farms in commercial operation. The total attributable operational generation capacity of the Company is 26,921MW, with 40.9% of our capacity located in Eastern China, 27.0% located in Central China, 17.8% located in Southern China, 9.8% located in Northern China, 2.7% located in Northeastern China, 1.0% located in Southwestern China and 0.7% located in Northwestern China.

Corporate Structure

China Resources (Holdings) Co., Ltd. ("CRH")

63.13%

China Resources Power Holdings Co., Ltd.

Coal-fired 1000MW

Xuzhou Phase III
Hubei Phase II
Hezhou
Haifeng
Cangnan

Coal-fired 600MW

Changshu
Fuyang
Liyujiang B
Shouyangshan
Zhenjiang 630
Yangzhou No. 2
Shaojiao C
Nanjing Thermal
Heze
Dengfeng Phase II
Changzhou
Shazhou
Jiaozuo Longyuan

Coal-fired 300MW

Huaxin
Liyujiang A
Cangzhou
Dengfeng
Gucheng
Hubei
Lianyuan
Caofeidian
Dengkou
Guangzhou Thermal
Nanjing Banqiao
Xuzhou
Wenzhou Telluride
Hengfeng
Hengxing
Nanjing Chemical Industry Park Phase II
Yichang
Panjin
Tangshan Phase III
Bohai

Coal-fired ≤200MW

Yixing
Xingning
Tangshan
Jiaozuo
Luoyang
Shenhai Thermal
Nanjing Chemical Industry Park
Zhenjiang 140

Clean Energy

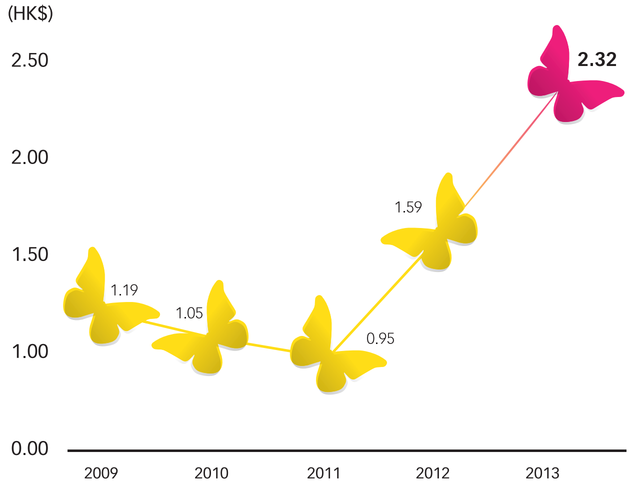
Dannan Wind
Shantou Wind
Chaonan Wind
Dahao Wind
Huilaixian'an Wind
Huilaiguanshan Wind
Yangxi Longgaoshan Wind
Penglai Wind
Penglai Xujiaji Wind
Daliuhang Wind
Daxindian Wind
Weihai ETD Zone Wind
Weihai Huancui Wind
Qingdao Wind Phase I
Fuxin Wind
Jianping Wind
Bayinxile Wind
Chengde Weichang Wind Phase I
Chengde Weichang Wind Phase II
Chengde Weichang Wind Phase III & IV & V
Guazhou Wind
Jiamusi Wind
Wulian Wind Phase I
Jüxian Wind Phase I
Manzhouli Wind
Suizhou Wind
Tianzhen Wind
Lianzhou Wind
Lianzhou Quanshui Wind
Qingdao Wind Phase II
Datong Guangling Wind
Datong Shengquan Wind
Biyang Wind
Beipiao Wind
Yangjiang Wind
Linwu WInd
Suizhou Fengming Wind
Datong Yanggao Wind
Datong Changcheng Wind
Biyang Zhongxiang Wind
Wulian Wind Phase II
Jüxian Wind Phase II
Jinzhou Wind
Jining Wind
Linghai Wind
Lufeng Wind
Xinyi Wind
Suixian Wind
Rizhao Wind
Nantong Wind
Wulanchabu Wind
Honghe Hydro
Yazuihe Hydro
Beijing Thermal
Jiamusi Wind
Beipiao Wind
Linghai Wind
Linwu Wind
Suixian Tianhekou Wind
Nantong Wind
Jinzhou Wind
Xinyi Wind
Lufeng Wind
Lianzhou Quanshui Wind
Yangjiang Wind
Jining Wind
Haiyang Wind
Wulanchabu Wind
Huilai Wind
Fuxin Wind
Linyi Wind
Dongying Wind
Jinping Wind
Rongxian Wind

Note: Projects under construction are marked in Green

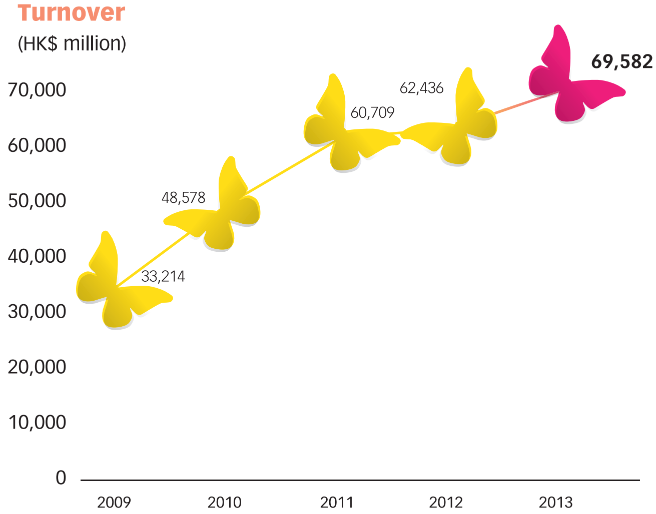
Contents

5-Year Financial Summary

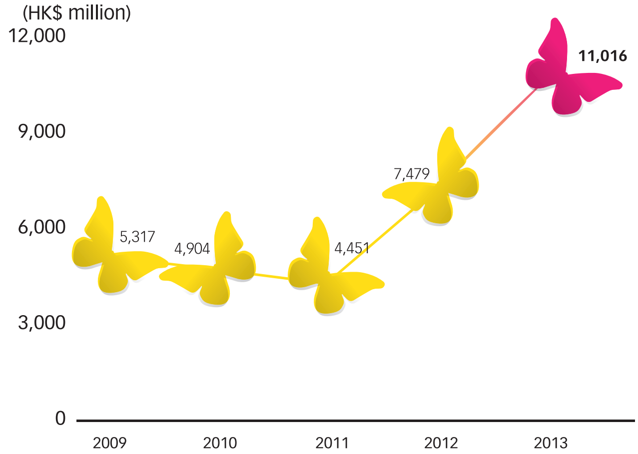
Basic Earnings Per Share
(HK$)



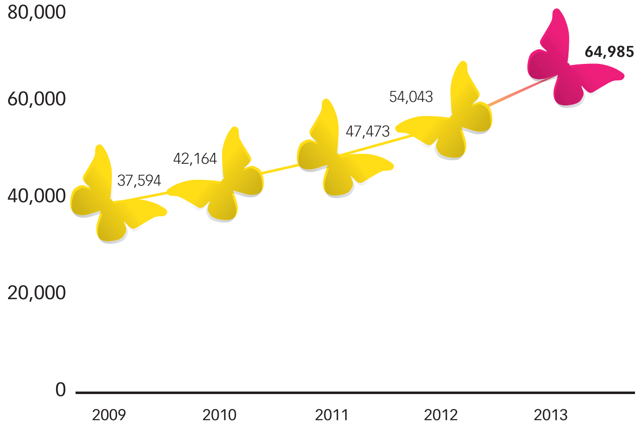
Turnover
(HK$ million)



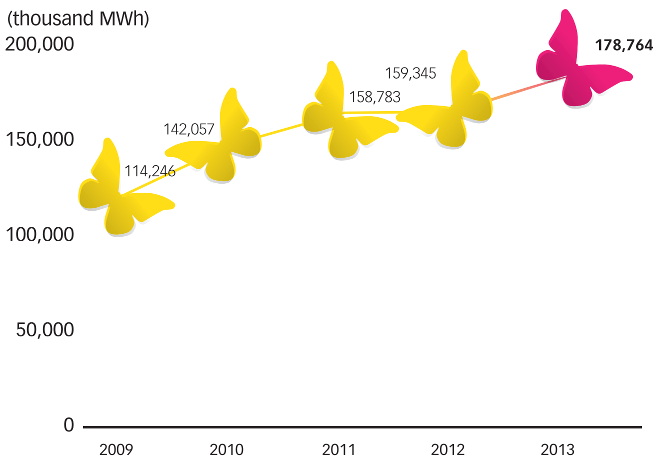
Profit attributable to owners of the Company
(HK$ million)



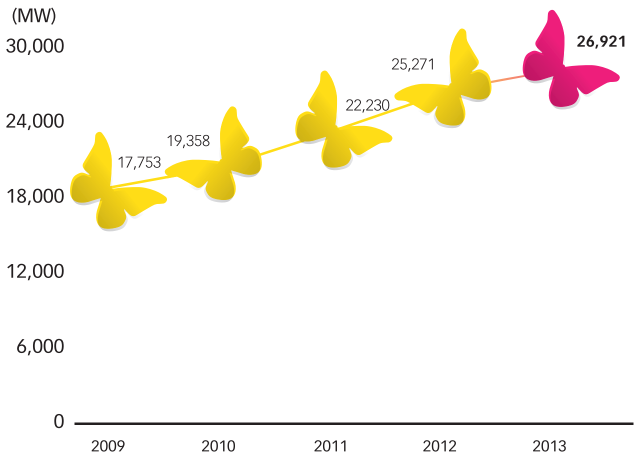
Equity attributable to owners of the Company
(HK$ million)



Net generation volume of operating power plants
(thousand MWh)

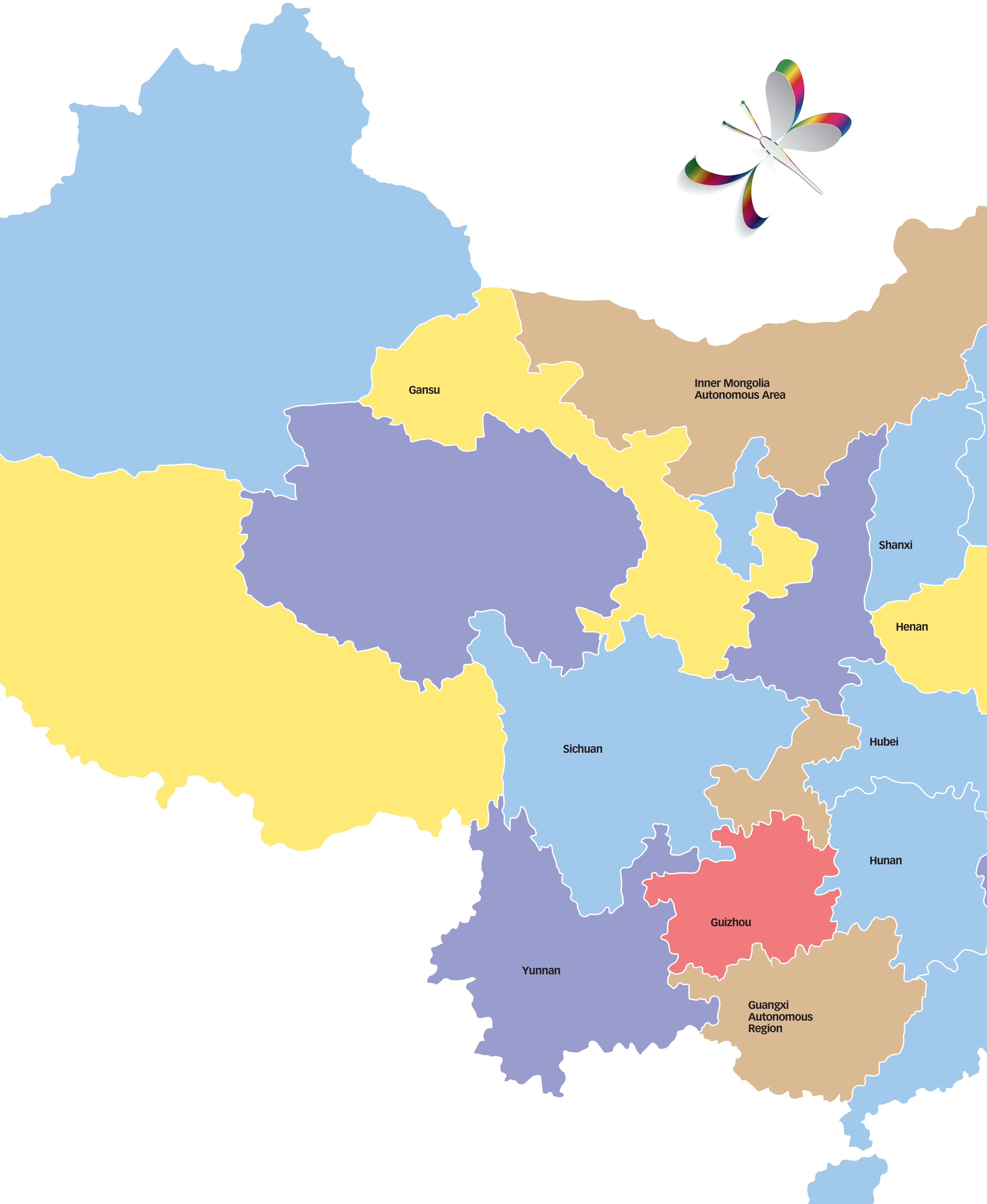


Attibutable operational generation capacity
(MW)



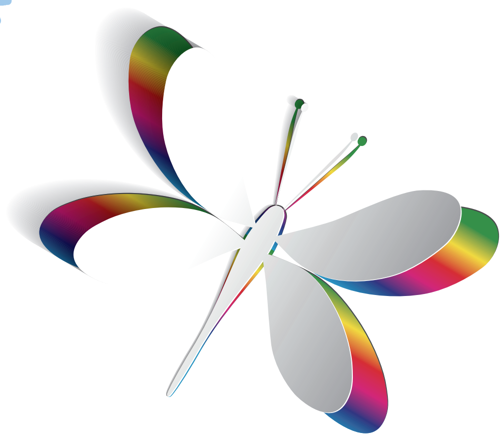
	2013	2012	2011	2010	2009
Earnings per share (HK$)					
Basic	**2.32**	1.59	0.95	1.05	1.19
Diluted	**2.31**	1.58	0.94	1.04	1.17
Turnover (HK$' 000)	**69,581,526**	62,435,520	60,708,674	48,578,313	33,213,676
Profit attributable to owners of the Company (HK$' 000)	**11,015,526**	7,478,916	4,450,576	4,903,654	5,317,392
Consolidated statement of financial position (HK$' 000)					
Non-current assets	**182,830,396**	150,996,410	142,559,745	118,676,255	99,928,141
Current assets	**31,034,507**	26,793,308	25,806,144	24,334,292	18,997,789
Current liabilities	**51,956,141**	47,498,571	48,976,437	36,708,918	39,755,843
Non-current liabilities	**77,175,881**	61,395,146	57,817,287	56,041,520	34,014,705
Non-controlling interests	**19,747,820**	14,853,018	14,099,167	8,095,891	7,561,403
Equity attributable to owners of the Company	**64,985,061**	54,042,983	47,472,998	42,164,218	37,593,979
Total assets	**213,864,903**	177,789,718	168,365,889	143,010,547	118,925,930
Cash and cash equivalents	**6,035,046**	4,397,289	4,496,605	6,801,707	6,261,931
Bank and other borrowings	**92,569,457**	83,381,954	82,987,231	74,911,153	56,484,467
Key financial ratios					
Net debt to shareholders' equity (%)	**132.2**	145.7	165.3	161.5	133.6
EBITDA interest coverage (times)	**6.5**	4.5	3.9	4.4	5.0
Generation volume of operating power - plants (MWh)					
Total gross generation	**189,979,696**	169,601,388	169,393,318	151,833,189	122,243,413
Total net generation	**178,763,773**	159,344,907	158,782,584	142,057,401	114,245,966
Attributable operational generation capacity (MW)					
Eastern China	**11,003**	10,742	10,628	8,698	6,537
Central China	**7,282**	5,715	4,205	3,694	3,583
Southern China	**4,790**	4,632	3,779	3,702	3,964
Northern China	**2,640**	2,548	2,440	2,339	2,144
Northeastern China	**725**	1,153	1,073	925	1,525
Northwestern China	**201**	201	105	—	—
Southwestern China	**280**	280	—	—	—
Total	**26,921**	25,271	22,230	19,358	17,753

Service Areas



89

power plants in commercial operation



As at 31 December 2013, total attributable operational generation capacity of the company is

26,921 MW

Service Areas

PROVINCE/REGION	POWER PLANTS/WIND FARMS/ HYDRO-ELECTRIC	INSTALLED CAPACITY (MW)	EFFECTIVE EQUITY INTEREST	ATTRIBUTABLE INSTALLED CAPACITY (MW)
Jiangsu	Changshu	1,950.0	100.0%	1,950.0
	Nanjing Thermal	1,200.0	100.0%	1,200.0
	Xuzhou Phase III	2,000.0	60.0%	1,197.2
	Zhenjiang	1,540.0	42.5%	654.5
	Yangzhou No. 2	1,260.0	45.0%	567.0
	Xuzhou	1,280.0	42.7%	545.9
	Nanjing Chemical Industry Park Phase II	600.0	90.0%	540.0
	Huaxin	660.0	72.0%	475.2
	Nanjing Banqiao	660.0	65.0%	429.0
	Changzhou	1,260.0	25.0%	315.0
	Shazhou	1,260.0	20.0%	252.0
	Nanjing Chemical Industry Park	110.0	90.0%	99.0
	Yixing	120.0	55.0%	66.0
	Nantong Wind	1.5	100.0%	1.5
	Nantong Wind	48.0	100.0%	48.0
Guangdong	Liyujiang B	1,300.0	100.0%	1,300.0
	Shajiao C	1,980.0	36.0%	712.8
	Guangzhou Thermal	600.0	100.0%	600.0
	Liyujiang A	630.0	60.0%	378.0
	Xingning	270.0	100.0%	270.0
	Chaonan Wind	133.9	100.0%	133.9
	Yangxi Longgaoshan Wind	89.8	100.0%	89.8
	Huilaiguanshan Wind	50.0	100.0%	50.0
	Huilaixian'an Wind	37.5	100.0%	37.5
	Shantou Wind	29.3	100.0%	29.3
	Dahao Wind	18.0	100.0%	18.0
	Dannan Wind	24.0	55.0%	13.2
	Lianzhou Wind	50.0	100.0%	50.0
	Lianzhou Quanshui Wind	48.0	100.0%	48.0
	Yangjiang Wind	29.5	100.0%	29.5
	Xinyi Wind	10.5	100.0%	10.5
	Lufeng Wind	20.0	100.0%	20.0
	Haifeng	2,000.0	100.0%	2,000.0
	Lufeng Wind	69.8	100.0%	69.8
	Lianzhou Quanshui Wind	1.8	100.0%	1.8
	Yangjiang Wind	66.0	100.0%	66.0
	Huilai Wind	22.0	100.0%	22.0
	Xinyi Wind	39.0	100.0%	39.0
Henan	Shouyangshan	1,200.0	85.0%	1,020.0
	Gucheng	600.0	100.0%	600.0
	Dengfeng	1,840.0	85.0%	1,564.0
	Jiaozuo	280.0	100.0%	280.0
	Luoyang	100.0	51.0%	51.0
	Biyang Wind	50.0	100.0%	50.0
	Biyang Zhongxiang Wind	36.0	100.0%	36.0
	Jiaozou Longyuan	1,320.0	100.0%	1,320.0
Hebei	Cangzhou	660.0	95.0%	627.0
	Caofeidian	600.0	90.0%	540.0
	Tangshan	200.0	80.0%	160.0
	Hengfeng	600.0	25.0%	150.0
	Hengxing	600.0	25.0%	150.0
	Chengde Weichang Wind Phase I	48.0	100.0%	48.0
	Chengde Weichang Wind Phase II	46.5	100.0%	46.5
	Chengde Weichang Wind Phase III, IV, V	151.5	100.0%	151.5
	Tangshan Phase III	700.0	60.0%	420.0
	Bohai	700.0	100.0%	700.0
Liaoning	Shenhai Thermal	600.0	54.1%	324.7
	Fuxin Wind	99.0	100.0%	99.0
	Jianping Wind	99.0	100.0%	99.0
	Beipiao Wind	92.7	100.0%	92.7
	Jinzhou Wind	27.0	100.0%	27.0
	Linghai Wind	39.0	100.0%	39.0
	Panjin	700.0	100.0%	700.0
	Fuxin Wind	49.5	100.0%	49.5
	Beipiao Wind	6.4	100.0%	6.4
	Jinzhou Wind	22.5	100.0%	22.5
	Linghai Wind	10.5	100.0%	10.5

PROVINCE/REGION	POWER PLANTS/WIND FARMS/ HYDRO-ELECTRIC	INSTALLED CAPACITY (MW)	EFFECTIVE EQUITY INTEREST	ATTRIBUTABLE INSTALLED CAPACITY (MW)
Shandong	Heze	1,200.0	90.0%	1,080.0
	Weihai ETD Zone Wind	49.8	100.0%	49.8
	Weihai Huancui Wind	49.8	100.0%	49.8
	Daliuhang Wind	50.0	100.0%	50.0
	Daxindian Wind	49.8	100.0%	49.8
	Penglai Wind	48.0	95.0%	45.6
	Penglai Xujiaji Wind	46.6	95.0%	44.3
	Qingdao Wind Phase I	49.8	100.0%	49.8
	Qingdao Wind Phase II	50.0	100.0%	50.0
	Jining Wind	49.5	100.0%	49.5
	Jüxian Wind Phase I	50.0	100.0%	50.0
	Jüxian Wind Phase II	50.0	100.0%	50.0
	Wulian Wind Phase I	50.0	100.0%	50.0
	Wulian Wind Phase II	50.0	100.0%	50.0
	Haiyang Wind	49.8	100.0%	49.8
	Jining Wind	4.5	100.0%	4.5
	Dongying Wind	50.0	100.0%	50.0
	Linyi Wind	50.0	100.0%	50.0
	Rizhao Wind	48.6	100.0%	48.6
Inner Mongolia Autonomous Region	Dengkou	600.0	75.0%	450.0
	Bayinxile Wind	99.0	100.0%	99.0
	Manzhouli Wind	49.5	100.0%	49.5
	Wulanchabu Wind	91.5	100.0%	91.5
	Wulanchabu Wind	57.0	100.0%	57.0
Hubei	Hubei	600.0	100.0%	600.0
	Hubei Phase II	2,000.0	100.0%	2,000.0
	Suizhou Wind	50.0	100.0%	50.0
	Suizhou Fengming Wind	49.5	100.0%	49.5
	Suixian Tianhekou Wind	49.5	100.0%	49.5
	Yichang	700.0	100.0%	700.0
	Suixian Tianhekou Wind	148.5	100.0%	148.5
Guangxi Autonomous Region	Hezhou	2,000.0	50.0%	1,000.0
	Rongxian Wind	50.0	100.0%	50.0
Anhui	Fuyang	1,280.0	55.0%	704.0
Hunan	Lianyuan	600.0	100.0%	600.0
	Linwu WInd	34.0	100.0%	34.0
	Linwu Wind	44.0	100.0%	44.0
Zhejiang	Wenzhou Telluride	600.0	40.0%	240.0
	Cangnan	2,000.0	75.0%	1,500.0
Yunnan	Honghe Hydro	210.0	70.0%	147.0
Sichuan	Yazuihe Hydro	260.0	51.0%	132.6
Gansu	Guazhou Wind	201.0	100.0%	201.0
Beijing	Beijing Thermal	150.0	51.0%	76.5
Heilongjiang	Jiamusi Wind	43.5	100.0%	43.5
	Jiamusi Wind	6.0	100.0%	6.0
Shanxi	Datong Wind	99.0	100.0%	99.0
	Datong Guangling Wind	50.0	100.0%	50.0
	Datong Yanggao WInd	49.5	100.0%	49.5
	Datong Shengquan Wind	50.0	100.0%	50.0
	Datong Changcheng Wind	49.5	100.0%	49.5
Guizhou	Jinping Wind	32.0	100.0%	32.0

Note: Projects under construction are marked in green

Chairman's Statement

Dear Shareholders,

On behalf of the board, I am pleased to present the annual results of CR Power for the year ended 31 December 2013.

In 2013, CR Power continued to deepen its reform by adjusting and optimizing its industrial structure, vigorously facilitating refined management and synergies and improving the Company's ability to control costs, manage risks and make profit while adhering to its development philosophy of "making progress while maintaining stability", closely focusing on the strategic planning of the "Twelfth Five-Year Plan" and its annual business plan, and centering around improving the quality of development and economic benefits. We managed to post record results of operation in such a complex operating environment - new breakthroughs had been made in respect of major indicators such as attributable net profit, operating cash flows and generation capacity.

2013 also marked the tenth anniversary of CR Power's listing on the Main Board of the Hong Kong Stock Exchange. During the year, we were once again included in the Forbes Global 2000 and the Platts Top 250 Global Energy Companies lists for our excellent performance for the seventh consecutive year, and our rankings rose from 850th and 134th, respectively, in 2012 to 657th and 100th, respectively. We ranked 4th both globally and in Asia among all independent power producers and energy traders, and 18th among Yazhou Zhoukan's Top 100 Mainland Chinese Businesses on the Hong Kong Stock Exchange. In February 2014, we were again awarded by IAIR Corporate Awards as Best Company for Leadership in the Energy Sector of China, making us the only PRC energy enterprise receiving this award for two consecutive years.

RESULTS PERFORMANCE

CR Power recorded consolidated turnover of HK$69,582 million in 2013, representing an increase of 11.4% compared to HK$62,436 million in 2012. Net profit attributable to owners of the Company was approximately HK$11,016 million, representing an increase of 47.3% compared to approximately HK$7,479 million in 2012. Basic earnings per share amounted to HK$2.32, representing an increase of 46.5% compared to HK$1.59 in 2012. The Board has resolved to declare a final dividend of HK$0.67 per share. Together with the interim dividend of HK$0.08 per share, the total dividends for the whole year is HK$0.75 per share, representing a dividend payout ratio of about 32.3%.

As at end of 2013, our attributable operational generation capacity amounted to 26,921MW, representing an increase of 6.5% over 25,271MW in 2012. Coal-fired generation units accounted for 88.0% of our total attributable generation capacity, while renewable and clean energy, including wind, hydro and gas-fired power, accounted for 12.0%, 4.2 percentage points higher as compared with 2012.

In 2013, CR Power's operating subsidiary and associate power plants recorded a gross generation volume of 133.25 billion kWh, representing an increase of 9.8% from 121.35 billion kWh in 2012, and a net generation volume of 125.45 billion kWh, representing an increase of 10.0% from 114.01 billion kWh in 2012.

(1) Coal-fired power business

As at the end of 2013, our attributable coal-fired operating generation capacity was 23,692MW. In 2013, our 1,000MW ultra-supercritical coal-fired generation unit in Puqi, Hubei, was put into operation and three 200MW coal-fired generation units were shut down in Jinzhou, Liaoning during the year. In our pipeline, CR Power had a total attributable generation capacity under construction of approximately 7,340MW, including a total of four 1,000MW ultra-supercritical coal-fired generation units in Cangnan, Zhejiang and Haifeng, Guangdong (of which a generation unit in Cangnan, Zhejiang was successfully put into operation on 24 January 2014), two 660MW ultra-supercritical heat and power co-generation units in Jiaozuo, Henan, and a total of eight 350MW heat and power co-generation units in Yichang in Hubei Province, Panjin in Liaoning Province, Tangshan and Bohai in Hebei Province (of which one unit in Yichang, Hubei commenced operation on 5 March 2014). All these units are expected to commence operation in 2014 and 2015.

In 2013, our consolidated operating coal-fired power plants recorded a decrease of 15.1% and 16.3% in average standard coal cost and average unit fuel cost respectively compared with 2012. Although the national on-grid tariff for coal-fired power plants decreased in the fourth quarter of the year, our operating profit still achieved a considerable growth compared to last year. The decrease in fuel costs was mainly due to the fall in domestic coal prices, as well as our effective measures to enhance supplier management, optimize coal procurement sourcing, strengthen internal control over fuel management and facilitate technical upgrades to save energy.

Chairman's Statement

The overall stable economy in China resulted in a flat growth in national power consumption in 2013. Our average full-load equivalent utilization hours for the 32 coal-fired generation units that were fully operational during the year was 5,747 hours, exceeding the national average level by 735 hours. This was mainly because most of our generation units are high-capacity efficient units possessing certain market advantages and are located in provinces with strong demand for electricity, and also because we continued to increase our power generation volume by obtaining and securing fuel supply or replacing small generation units with more efficient larger units for power generation.

(2) Coal-mining business

The supply and demand dynamics of the coal market remained relatively balanced in 2013. Coal inventory among downstream industries remained high while coal prices remained low.

In 2013, CR Power's coal mines in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of 14.62 million tonnes of raw coal, representing a decrease of 13.2% from 16.84 million tonnes in 2012. The decrease in coal production volume was mainly due to the combined effect of a weak coal market, the control of production volume, some of our major coal mines were undergoing infrastructural and technological upgrading and other factors such as regional logistics constraints at certain mine locations.

In 2013, affected by the coal market, our average coal sales price fell, which resulted in a decrease in its attributable net profit. Under these circumstances, we conducted a thorough review of CR Power's management and execution capabilities in the coal business to identify our deficiencies in fundamental management, professional capability, organizational capability and cultural construction. We have formulated corresponding measures, goals and action plans in these respects, to make ongoing progress and advancement to fulfill the expectations of the market and our shareholders in the future.

(3) Renewable energy business

In 2013, we continued to increase our investment in renewable energy projects. Our attributable operational wind generation capacity reached 2,872MW, representing an increase of 77% (or 1,250MW) from 1,622MW in 2012. The increase largely came from the acquisition of wind projects from CRH in May 2013, and commissioning of our new wind farm projects located in Shandong, Inner Mongolia, Shanxi, Hubei, Guangdong, Heilongjiang, Jiangsu and Liaoning.

In 2013, the average full-load equivalent utilization hours for our wind farms was 2,248 hours, representing an increase of 152 hours as compared to 2,096 hours in 2012, exceeding the national average by 168 hours. The equipment utilization rate of wind farms was 98.9%, with significant increase in both gross generation volume and net generation volume over last year. This was mainly attributable to the distribution of our wind farms primarily in less power rationing areas such as Eastern China, Southern China and Northern China.

As at the end of 2013, CR Power obtained State approvals for wind generation capacity of 1,070MW, and had wind generation capacity of 827MW under construction. We signed wind power investment and development agreements with 24 provinces and autonomous regions in the PRC, with reserves of a total contracted capacity of 48,000MW.

FULFILLING OF SOCIAL RESPONSIBILITIES

In 2013, bearing in mind our mission as a central enterprise, we continued to adopt the concept of scientific development by fulfilling our overall social responsibilities, incorporating social responsibilities into our strategic planning, operations and business development, devoting ourselves to continuously creating value for shareholders, staff and other stakeholders, in pursuit of harmonious and unified development with the national economy, environment and society.

We committed to ecological civilization and continued to optimize industrial structure, developed clean energy and recycling economic projects to improve energy utilization efficiency and clean power generation level. In 2013, our clean and renewable energy accounted for 12.0% of our total attributable operational generation capacity, representing an increase of 4.2 percentage points as compared to 7.8% as at the end of 2012. Meanwhile, we continued to invest in technical innovation projects of energy-conservation and emission-reduction, and strengthened the operations, maintenance and management of environmental facilities. As a result, waste water, waste gas and solid wastes were further reduced as compared to last year, thereby promoting the protection of ecological environment.

We committed to safety development and constantly advanced the construction of a management system integrating environmental protection, occupational health and production safety. In each of the business segments of coal-fired, coal-mining and renewable energy, development of safety assessment, production safety standardization, observation on safety actions and NOSA five-star management were carried out. The production safety accountability system was implemented at all levels by organizing activities such as training on safety, emergency drills for accidents, general inspection on production safety and specific safety inspection on outsourced projects, with a view to improve rules and regulations and contingency plans, standardizing safety actions and solidifying the safety foundation. Throughout the year, none of our subsidiaries encountered any major or serious production safety accidents, reflecting an overall stable condition of production safety of the Company.

In 2013, business scale of the Company was further expanded with the number of staff increasing to 43,990 from 38,118 as at the end of 2012. We earnestly developed the China Resources culture of "being strict to managers and being kind to staff", complied with the State laws and regulations, protected interests and rights of staff, emphasized on staff training, cared for career development and livelihood of staff, and constantly improved the salaries and benefits, performance management, and the mechanism of the four batches (a batch of managers to be promoted, retired, rotated or transferred respectively), so as to motivate the passion for work and living among employees, increase the sense of belonging and satisfaction among employees in pursuit of concurrent growth of staff and the Company.

CR Power grows under the support and power from the government and communities for which we have been grateful and in turn, we continued to try every means to give back to the society by fulfilling social responsibilities and realizing our pursuits beyond profits. In 2013, we donated RMB3 million under "Hebei Provincial China Resources Education Fund" for the seventh consecutive year to fund 1,000 impoverished university students and actively participated in a project called "China Resources Hope Town". We donated to the earthquake and flood-affected areas such as Ya'an of Sichuan and Heilongjiang, donated RMB50 million to support Tibet to solve power problems in the areas without electricity in response to the State government's call, actively participated in poverty alleviation, greening, environmental protection and construction of public facilities in the areas where our subsidiaries are located. We donated approximately RMB104 million for charitable purposes during the year.

In 2013, we prepared the third "CR Power Sustainable Development Report" with both Chinese and English versions, which comprehensively and objectively reported the concept, practice and performance of CR Power in the aspects of development, economic, environmental and social responsibilities. We took initiative in accepting supervision from domestic and foreign stakeholders and the communities. We strongly believed that this was of critical importance for the development and progress as well as the growing base of the Company. We were committed to the management and implementation of social responsibility, and thus established a regular working mechanism for social responsibility from the headquarters of CR Power to business divisions and to each of our subsidiaries. We incorporated social responsibility indicators such as energy conservation and emission reduction, technical innovation, security and stability, caring for employees, charity, environmental protection and culture building into the strategic plan and business plan of the Company to make these indicators decompose into performance contracts of each manager at different levels as part of their assessment. We will guide our member companies to cultivate relevant culture in respect of social responsibility by way of top-down management to enhance our ability of sustainable development.

Outlook for 2014

Based on forecasts, overall power demand in 2014 is expected to remain moderate, and the national power supply and demand will maintain a sound balance. Energy consumption in various industries will be further reduced, and power consumption growth rate in high energy-consuming industries will continue to decrease.

Chairman's Statement

We will proactively adapt ourselves to new requirements arising from the economic reform of China by further deepening the internal reform of the enterprise, speeding up the adjustment of industrial structure, making innovations in respect of the operating development model and enhancing organizational capability and core competitiveness to promote CR Power to realize valuable growth and sustainable development.

We will control the direction, intensity and frequency of investments under the national strategies of preventing air pollution and adjusting energy structure, by strictly selecting those investment projects which, in our opinion, have high competitiveness and can bring value to shareholders in the future. We will continue to focus on the organic growth of the company and will comprehensively, systemically and deeply promote lean management and standard management in respect of the three divisions, i.e. thermal power, coal-mining and renewable energy. In this regard, we will continue to improve and optimize various productive, technical and economic indicators, enhance the overall operational efficiency and management level of the Company and cultivate lean atmosphere and culture with involvement and continuous improvement to foster and strengthen our competitive advantages in the market and effectively respond to various crisis and challenges under internal and external environments.

Since 2013, the domestic market demand for coal has been diminishing with imports increasing significantly. Combined with sufficient coal supplied domestically, over-capacity and over-supply situation will continue to put pressure on coal prices. In 2014, we will focus on our existing coal mines located in Shanxi province to facilitate the infrastructure formation, technical improvement and inspection works. We will take initiative in exploring stable and reliable sales channels to facilitate the construction of logistics system for coal sales.

The increasingly severe hazy weather in China has aroused concerns from all citizens and around the world, and thus the Chinese government has adopted a number of more stringent environmental standards, systems and measures. In 2014, we will insist on the concept of "Green Development", and will continue to speed up the upgrading of desulfurization, denitration and dust removal equipments for our coal-fired power plants and actively perform social responsibilities in respect of energy conservation and emission reduction while seeking to obtain green electricity price subsidies. Moreover, we will increase investments in clean and renewable energy projects with focus on the construction of wind power projects, and will accelerate the research and development of distributed energy projects in respect of natural gas and explore the development of various of business models, such as coal-electricity integration, circular economy parks, wind and solar hybrid power system, wind and water hybrid power system and bundled wind and coal-fired power system, to continue optimizing segmental structure and enhance market competitiveness.

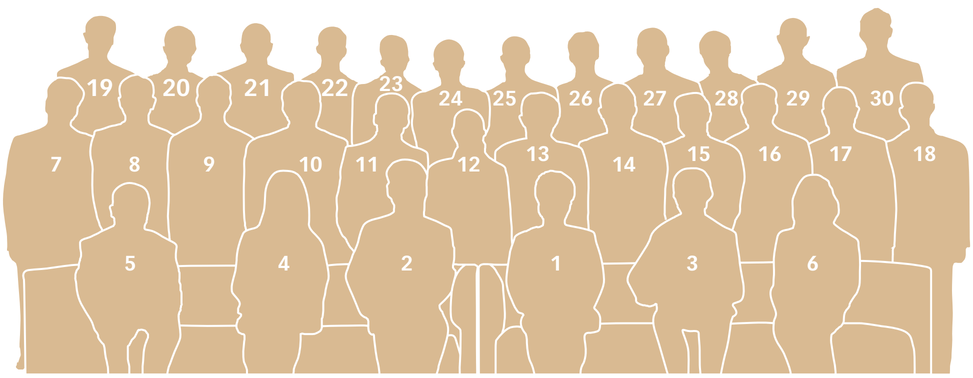
In 2013, CR Power achieved outstanding performance. On behalf of the Board, I would like to take this opportunity to thank our dedicated management team and all the members of the Board, and also extend my sincere gratitude to all the diligent and devoted staff of CR Power on all fronts for their valuable contribution made to the development of CR Power in the past year.

In 2014, we will adhere to the development ideas of "making progress while maintaining stability by reforms and innovations" and will face our new tasks, challenges and opportunities with strong belief and confidence in our strategies, organization and culture. We will continue to focus on organizational reform and management enhancement, strive for the improvement in the quality and efficiency of development, and thus deliver good results to all shareholders and stakeholders. Furthermore, we will proceed with our new journey for green development together to realize our common glories and dreams.

Zhou Junqing
Chairman
Board of Directors

Hong Kong, 17 March 2014

Directors and Senior Management



1. Zhou Junqing
2. Wang Yujun
3. Zhang Shenwen
4. Liu Ping
5. Wu Chang
6. Wang Xiao Bin
7. Hou Yongjie
8. Ma Li
9. Zhu Guolin
10. An Xing
11. Zhang Gang
12. Wang Liling
13. Wang Bo
14. Wang Lin
15. Zhang Xinke
16. Bu Xiandou
17. Jianyi
18. Wang Gaoqiang
19. Li Jinying
20. Liu Rixin
21. Xi Yong
22. Qu Hehui
23. Yan Guoping
24. Liu Fanshun
25. Ding Yuankui
26. Liu Chungui
27. Hu Min
28. Ou Yang Liang
29. Shi Hongchao
30. Nie Weimin

Directors and Senior Management

DIRECTORS

Executive Directors


Madam Zhou Junqing


Mr. Wang Yu Jun


Mr. Zhang Shen Wen


Ms. Wang Xiao Bin

Non-Executive Directors


Mr. Du Wen Min


Mr. Wei Bin


Mr. Huang Daoguo


Mr. Chen Ying

Independent Non-Executive Directors


Mr. Anthony H. Adams


Mr. Chen Ji Min


Mr. Andrew
Ma Chiu Cheung


Ms. Elsie Leung Oi-sie


Dr. Raymond
Ch'ien Kuo Fung

DIRECTORS

Madam Zhou Junqing

Madam Zhou Junqing, aged 60, is the Chairman of the Board and an Executive Director of the Company. She is also a vice president of CRH. Prior to her joining the Company on 21 October 2011, she was an executive director of China Resources Cement Holdings Limited ("CR Cement") from June 2003 to October 2011 and was also the chairman of CR Cement from August 2008 to October 2011 and the chief executive officer of CR Cement from September 2006 to August 2008. She obtained a Bachelor's degree in wireless technology from the Tsinghua University, China in 1979. She joined CRH in 1986 and has 27 years of experience in international trade and corporate management.

Mr. Wang Yu Jun

Mr. Wang Yu Jun, aged 48, is an Executive Director and President of the Company. Prior to that, Mr. Wang served as an Executive Vice President of the Company from June 2009 to July 2010. Mr. Wang served as General Manager of Jiangsu Zhenjiang Generator Company Limited from March 2006 to May 2010. Mr. Wang also served as Assistant General Manager of China Resources (Xuzhou) Electric Power Co., Ltd., Executive Deputy General Manager of China Resources Power Hunan Liyujiang Co., Ltd. and General Manager of China Resources Power Dengfeng Co., Ltd. from November 2000 to March 2006. Mr. Wang has over 20 years of experience in power plant operation and management. Mr. Wang holds a Master's degree in Engineering from Nanjing University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Zhang Shen Wen

Mr. Zhang Shen Wen, aged 46, is the Vice Chairman of the Board and an Executive Director of the Company and the General Manager of China Resources New Energy Holdings Company Limited ("CR New Energy"). Mr. Zhang has considerable experience in the development of power plants. He served as the Executive Vice President of the Company between August 2003 and July 2010. He was the General Manager of the Finance and Accounting Department of the Company between July 2001 and September 2003 and was involved in the development of Liyujiang Phase II and the acquisitions of Shajiao C Power Plant and Wenzhou Telluride Phase II. Mr. Zhang joined China Resources National Corporation ("CRNC") in 1994 and worked at Hebei Hengfeng Power Generation Co., Ltd. between 1998 and 1999. Mr. Zhang holds a Bachelor of Science degree in Electrical Automation from the North China University of Technology in China and a Bachelor's degree of Economics from the University of International Business and Economics in China. He also holds a Master's degree in Business Administration from the University of San Francisco in the United States.

Directors and Senior Management

Ms. Wang Xiao Bin

Ms. Wang Xiao Bin, aged 46, is an Executive Director and Chief Financial Officer and Company Secretary of the Company. Prior to joining the Company in July 2003, Ms. Wang was a director of corporate finance of ING Investment Banking, responsible for execution of capital markets and merger and acquisition transactions in the Asia Pacific region. She worked for Pricewaterhouse in Australia in the audit and business advisory division for five years before joining ING Barings. Ms. Wang is also an independent non-executive director of WorleyParsons Limited, a company listed on the Australian Securities Exchange. Ms. Wang is a member of the Australian Society of Certified Practising Accountants and holds a graduate diploma in Applied Finance and Investment from the Securities Institute of Australia and a Bachelor's degree in Commerce from Murdoch University in Australia.

Mr. Du Wen Min

Mr. Du Wen Min, aged 50, was appointed as a Non-executive Director of the Company in July 2010. He is also a member of the Nomination Committee and the Remuneration Committee of the Company. He is the deputy general manager and chief human resources officer of CRH. He is also a non-executive director of various companies, including China Resources Enterprises, Limited ("CRE"), China Resources Land Limited ("CR Land"), China Resources Microelectronics Limited ("CR Microelectronics"), CR Cement and China Resources Gas Group Limited ("CR Gas") which are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX") except CR Microelectronics whose listing position was withdrawn on 2 November 2011. He was appointed as a director of China Resources Sanjiu Medical & Pharmaceutical Company Limited ("CR Sanjiu") (a listed company on the Shenzhen Stock Exchange) and China Resources Double-Crane Pharmaceutical Co., Ltd ("CR Pharmaceutical") (a listed company on the Shanghai Stock Exchange). He was previously the chief audit executive of the Internal Audit and Supervision Department of CRH. Mr. Du obtained a Master's degree in Business Administration from the University of San Francisco in the United States. He joined CRH in 1985.

Mr. Wei Bin

Mr. Wei Bin, aged 44, was appointed as a Non-executive Director of the Company in July 2010. He was appointed director of CRH in November 2010. He has been appointed the chief financial officer of CRH with effect from 1 April 2011 and is also the general officer of its Finance Department. He is also a non-executive director of CRE, CR Gas, CR Cement, CR Power, CR Microelectronics and CR Land, which are companies listed on the Main Board of the HKEX except CR Microelectronics whose listing position was withdrawn on 2 November 2011, and a director of CR Sanjiu, Shan Dong Dong-E E-Jiao Co., Ltd, and China Vanke Co., Ltd., which are listed on the Shenzhen Stock Exchange, and CR Pharmaceutical which is listed on the Shanghai Stock Exchange. Mr. Wei holds a Bachelor's degree in Auditing from Zhongnan University of Economics in China and a Master's degree in Finance from Jinan University in China, and is a Senior Accountant and a Senior Auditor in China. He is also a non-practising member of the Chinese Institute of Certified Public Accountants. Mr. Wei joined CRH in 2001.

Mr. Huang Daoguo

Mr. Huang Daoguo, aged 59, was appointed a Non-executive Director in June 2012. He joined CRH in 2011 and is currently the audit director of CRH. He has been a non-executive director of CRE and CR Cement (both companies are listed on the HKEX) since May 2012, and has been a non-executive director of CR Land and CR Gas (both companies are listed on the HKEX) since June 2012. Mr. Huang graduated from the Renmin University of China in 1987 and specialized in finance. He obtained a Master's degree of Regional Economics from the Central China Normal University, China in 1996. He is a Certified Public Accountant and a Senior Auditor in the PRC. He joined the National Audit Office of the PRC ("CNAO") in 2000 and was the Commissioner of the Wuhan Resident Office and Guangzhou Resident Office of CNAO, and Director of the Department of Agriculture, Resources and Environmental Protection Audit of CNAO.

Mr. Chen Ying

Mr. Chen Ying, aged 43, was appointed as a Non-executive Director of the Company in June 2012. He is the general manager of strategy Management Department of CRH since October 2011. Mr. Chen is also a non-executive director of CRE, CR Cement, CR Land and CR Gas, which are listed on the main board of the HKEX. He is also a director of China Resources Healthcare Group Ltd., CR Pharmaceutical which is listed on the Shanghai Stock Exchange and CR Sanjiu and China Vanke Co., Ltd., which are listed on the Shenzhen Stock Exchange. Mr. Chen obtained a Bachelor's degree of Architectural Management from the Tsinghua University, China in 1993 and a Master's degree of Business Administration from University of Oxford, the United Kingdom, in 2007. Mr. Chen joined CRH in 1993 and has worked as project engineer, project manager and manager of Procurement Department and executive director of China Resources Construction (Holdings) Company Limited, a fellow subsidiary of CRH, from September 1993 to March 2002. He was also the director and president of China Resources Land (Beijing) Limited from March 2002 to October 2011 and a Director of CR Land from March 2003 to February 2006, both are fellow subsidiaries of CRH and the latter is listed on the main board of HKEX.

Mr. Anthony H. Adams

Mr. Anthony H. Adams, aged 43, was appointed an Independent Non-executive Director of the Company in 2003. Mr. Adams has over 20 years of experience in infrastructure investment and development in Asia. Mr. Adams was a managing director based in Hong Kong with JP Morgan Asset Management, where he focused on direct investments in the infrastructure and related resources sectors. Prior to joining JP Morgan in 2006, he was a managing director based in Hong Kong with Emerging Markets Partnership ("EMP"), which is the principal advisor to the AIG Infrastructure Funds, a set of private equity funds targeted at infrastructure and infrastructure-related opportunities in emerging Asia, Latin America, Europe and Africa. Prior to joining EMP, Mr. Adams was a project development manager at Bechtel Enterprises, the direct investment and development arm of the Bechtel Group, at which he participated in numerous energy and other infrastructure projects throughout Asia Pacific. Mr. Adams holds a Bachelor of Arts degree from the University of Vermont (Phi Beta Kappa) and a Master's degree in Business Administration from Harvard Business School.

Directors and Senior Management

Mr. Chen Ji Min

Mr. Chen Ji Min, aged 70, was appointed an Independent Non-executive Director of the Company in February 2006. Mr. Chen had served as director of the Bureau of Electricity of Ningbo City, deputy director of the Economic and Trading Committee of Ningbo City, deputy director and director of the Bureau of Electricity of Zhejiang province, general manager of the Electricity Development Company of Zhejiang province and chairman of the Board of Directors of Zhejiang South-East Company Limited, a company with B shares listed on the Shanghai Stock Exchange, a member of the Standing Committee of the People's Congress of Zhejiang province and a deputy director of the Finance and Economy Commission of the Standing Committee, as well as the member of Consulting Committee of Zhejiang Provincial People`s Government. Mr. Chen graduated from the Electricity Engineering Department of Zhejiang University.

Mr. Andrew Ma Chiu Cheung

Mr. Andrew Ma Chiu Cheung, aged 71, was appointed as an Independent Non-executive Director of the Company in December 2006. Mr. Ma is a fellow member of the Institute of Chartered Accountants in England & Wales, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Taxation Institute of Hong Kong. He has more than 30 years' experience in the field of accounting, auditing and finance. Mr. Ma is a founder and former Director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited). He is presently a director of Mayee Management Limited and is currently also an independent non-executive director of several other listed companies in Hong Kong. Mr. Ma received his Bachelor's degree in Economics from the London School of Economics and Political Science (University of London) in England.

Ms. Elsie Leung Oi-sie

Ms. Elsie Leung Oi-sie,aged 74, was appointed as an Independent Non-executive Director of the Company in April 2010. Ms. Leung was the secretary for justice of the Hong Kong Special Administrative Region, as well as a member of the Executive Council of Hong Kong from July 1997 to October 2005. Ms. Leung was admitted as a solicitor of the Supreme Court of Hong Kong in 1968. She was a partner of P. H Sin & Co., a Hong Kong law firm, which amalgamated with the law firm Iu, Lai & Li Solicitors & Notaries in 1993; she was a senior partner with Iu, Lai & Li Solicitors & Notaries from 1993 to 1997. At the end of 2006, she resumed practice at Iu, Lai & Li Solicitors & Notaries. Ms. Leung also serves on the board of United Company Rusal Plc and Beijing Tong Ren Tang Chinese Medicine Co., Ltd, two public companies listed in Hong Kong, as an independent non-executive director.

Ms. Leung has served on several government boards and committees, including the Independent Police Complaints Council, Equal Opportunities Commission, Social Welfare Advisory Committee and Inland Revenue Board of Review. Ms. Leung was appointed as a Delegate of the People's Congress of Guangdong Province in 1989. In 1993, she was appointed as a Delegate of the 8th National People's Congress and in 1994 as well as a Hong Kong Affairs Adviser. Since 2006 she has been the Deputy Director of the Hong Kong Basic Law Committee of the Standing Committee of the National People's Congress of the People's Republic of China.

Apart from being a solicitor of the Supreme Court of Hong Kong, Ms. Leung is a qualified Solicitor in England and Wales and obtained a Master of Law degree from the University of Hong Kong in 1988.

Ms. Leung was appointed a Justice of the Peace in 1982 and was awarded the Grand Bauhinia Medal in 2002.

Dr. Raymond Ch'ien Kuo Fung

Dr. Raymond Ch'ien Kuo Fung, aged 61, was appointed as an Independent non-executive Director of the Company in April 2010. Dr. Ch'ien is non-executive chairman of MTR Corporation Limited and chairman and independent non-executive director of Hang Seng Bank Limited. Dr. Ch'ien also serves as an independent non-executive director on the boards of The Hongkong and Shanghai Banking Corporation Limited, The Wharf (Holdings) Limited, Swiss Re Limited and UGL Limited.

In public service, Dr. Ch'ien is a member of the Economic Development Commission of the Hong Kong SAR Government. He is a member of the Standing Committee of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and is an Honorary President and past Chairman of the Federation of Hong Kong Industries. From 1992 to 1997, Dr. Ch'ien was a member of the Executive Council of Hong Kong, then under British administration. He was appointed a member of the Executive Council of the Hong Kong Special Administrative Region on 1 July 1997 and served until June 2002. Dr. Ch'ien was a Hong Kong member of the APEC Business Advisory Council from 2004 to 2009 and Chairman of the Hong Kong/European Union Business Cooperation Committee from 2005 to 31 January 2012. Dr. Ch'ien was previously Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption, the Hong Kong/Japan Business Cooperation Committee, the Industry and Technology Development Council and the Hong Kong Industrial Technology Centre Corporation Ltd..

Dr. Ch'ien received a Doctoral degree in Economics from the University of Pennsylvania in 1978 and became a Trustee of the University in 2006. Dr. Ch'ien was appointed a Justice of the Peace in 1993 and a Commander in the Most Excellent Order of the British Empire in 1994. In 1999, he was awarded the Gold Bauhinia Star Medal. In August 2008, Dr. Ch'ien was conferred the honour of Chevalier de l'Ordre du Mérite Agricole of France.

Directors and Senior Management

Senior Management


Madam Zhou Junqing


Mr. Wang Yu Jun


Mr. Zhang Shen Wen


Ms. Liu Ping


Mr. Jiang Li Hui


Ms. Wang Xiao Bin


Mr. Ding Qi


Mr. Wang Gao Qiang


Mr. Ding Yuan Kui


Mr. Zhu Guo Lin


Mr. Jian Yi


Mr. An Xing


Mr. Zhang Gang

SENIOR MANAGEMENT

Ms. Liu Ping

Ms. Liu Ping is the Senior Vice President of the Company and General Manager of China Resources Coal-fired Unit ("CR Coal-fired"). She was the Deputy General Manager and CFO of CR New Energy from July 2010 to May 2012. Prior to that, Ms. Liu was an Executive Vice President of the Company from June 2009 to July 2010. Ms. Liu served as General Manager of China Resources (Henan) Co., Ltd. from July 2008 to July 2010, and served as General Manager of China Resources (Deyeng) Co., Ltd. from March 2006 to July 2008. Ms. Liu served as General Manager of China Resources (Luoyang) Thermal Power Co., Ltd. and CFO of China Resources Power Dengfeng Co., Ltd. and China Resources Power Henan Shouyangshan Co., Ltd. from October 2003 to March 2006. Ms. Liu has over 15 years of experience in financial management. Prior to joining the Company, Ms. Liu served as a management personnel in the People's Bank of China in Xuzhou City, Jiangsu province. Ms. Liu holds a Master's degree in Business Administration from China Europe International Business School.

Mr. Jiang Li Hui

Mr. Jiang Li Hui, is the Senior Vice President of the Company and the General Manager of China Resources Power's Coal Enterprise Department ("CR Coal"). He is also a member of the Executive Committee of the Company. Mr. Jiang has extensive experience in the development, construction and operation management of coal-fired and hydro power plants. From July 2010 to July 2011, he served as the Deputy General Manager of CR New Energy; from July 2009 to March 2011, he served as the Deputy Chief Technical Officer of the Company; from July 2007 to January 2010, he served as the General Manager of China Resources Hezhou Co., Ltd.; from April 2005 to July 2007, he served as the General Manager of Xuzhou Huaxin Power Generation Co., Ltd.; from July 2002 to April 2005, he served as the Deputy General Manager of China Resources Power Hubei Co., Ltd.; from April 1995 to July 2002, he served in various positions at China Resources (Xuzhou) Electric Power Co., Ltd., including Assistant General Manager and Deputy Chief Engineer. Mr. Jiang holds a Master's degree in Business Administration from Huazhong University of Science and Technology and a Master's degree in Business Administration from China Europe International Business School.

Mr. Ding Qi

Mr. Ding Qi, is a member of the Executive Committee of the Company. He served as the Chief Human Resources Officer of the Company between June 2007 and July 2010, and as the General Manager of the Human Resources and Administration Department of the Company from November 2001 to June 2007. Prior to joining the Company, he was a departmental manager of China Resources Development and Investment Co., Ltd. from 1998 to 1999. Mr. Ding holds a Bachelor's degree in Wireless Communications form the Nanjing Communications Engineering Institute.

Directors and Senior Management

Mr. Wang Gao Qiang

Mr. Wang Gao Qiang is a Vice President and Chief Audit Executive of the Company. From August 2002 to January 2012, he served as the senior manager and deputy chief officer of the Audit and Supervision Department of CRH; from August 1992 to February 2000, he served as the manager of the Finance Department of CRNC; from March 2000 to July 2002, he served as the manager of the Audit Department of China Resources logistics Co., Limited. Mr. Wang has been engaged in financial accounting, internal audit and risk management for over 20 years and has extensive experience in corporate finance, internal audit, internal control, risk management and corporate governance. Mr. Wang holds a Bachelor's degree in Economics from Guangdong University of Foreign Studies, and has obtained the International Certified Internal Auditor qualification and the PRC Accountant qualification.

Mr. Ding Yuan Kui

Mr. Ding Yuan Kui is a Vice President and Chief Human Resources Officer of the Company. From April 2008 to April 2012, he served as the deputy chief human resources officer and chief human resources officer of CR Cement. Prior to joining China Resources, Mr. Ding worked at Mercer and Dong Feng Nissan and was responsible for human resources consulting and management. Mr. Ding graduated from Zhongnan University of Economics and Law in 1996 and from the School of Economics and Management of Tsinghua University in 2003, with a Master's degree in International Business Administration.

Mr. Zhu Guo Lin

Mr. Zhu Guo Lin is a Vice President and Chief Financial Officer of the Company. From July 2009 to May 2012, he served as the Deputy Chief Financial Officer and General Manager of the Finance Department of the Company; from November 2005 to July 2009, he served as the Chief Financial Officer of Guangzhou China Resources Thermal Power Company Limited; from February 2004 to November 2005, he served as the deputy general manager of the Corporate Development Department of CRH, and the director and deputy general manager of China Resources Development and Investment Co., Ltd.; from November 2001 to February 2004, he served as the party committee member and vice director of the Department of Foreign Trade and Economic Cooperation of Yunnan Province; from September 2000 to November 2001, he served as the director and general manager of China Resources Kang Mao Company Limited; from August 1997 to September 2000, he served as the director and assistant general manager of Kang Mao Hong Kong Co., Ltd.(香港康貿有限公司), and was also the director and general manager of Hong Kong Kang Mao Finance Limited; from July 1985 to August 1997, he was an official of the Foreign Trade and Finance Division under the Finance and Accounting Department of the Ministry of Foreign Economic Relations and Trade of the PRC(中國經貿部財會局外貿財務處幹部), the financial manager of Great Wall Trade Center, Dubai, United Arab Emirates(阿聯酋迪拜長城貿易中心財務部經理), the deputy director of the State-owned Assets Management Division under the Department of Foreign Economic Coordination of the Ministry of Foreign Economic Relations and Trade of the PRC(中國外經濟部經濟協調司國有資產管理處副處長), and the director of the Division of Integrated System Management under the Planning and Finance Department of the Ministry of Foreign Economic Relations and Trade(外經貿部計財司合制度處處長). Mr. Zhu holds a Master's degree in BusinessAdministration from the University of International Business and Economics.

Mr. Jian Yi

Mr. Jian Yi is the Assistant President and Strategic Development Director of the Company. From March 2007 to May 2012, he served as the Deputy General Manager and General Manager of the Office of the President of the Company; from 2003 to 2007, he held various positions in the China Europe International Business School, including the senior student recruitment executive and manager of the Beijing Representative Office, and the deputy chief representative of the Shenzhen Representative Office. Mr. Jian holds a Master's degree in Laws from the Peking University.

Mr. An Xing

Mr. An Xing is the Assistant President and Information Management Director of the Company since October 2012. From August 2009 to September 2012, he served as the consulting director and assistant general manager of the Information Management Department of CRH. Prior to joining CRH, he worked for Oracle Corporation and has more than 15 years of experience in information construction. Mr. An holds a Bachelor's degree in Computer Science and Technology from the Harbin University of Science and Technology.

Directors and Senior Management

Mr. Zhang Gang

Mr. Zhang Gang is the Assistant President and General Legal Counsel of the Company. From February 2009 to March 2013, Mr. Zhang served as the chief legal director in the Legal Affairs Department at CRH. From April 2004 to September 2009, Zhang Gang practiced law at Huaxia Investment, Special Assets Department of CRH and Investment of CRH; and from July 2000 to March 2004, he served successively as the assistant manager of the Legal Affairs Department at CR Logistics, the assistant personnel officer for the director of the Southern China Region, and the assistant general Manager of CR Courier. Mr. Zhang holds a Bachelor's degree in Law from Northwestern University of Politics & Law.

Report of the Directors

The directors of the Company (the "Directors") are pleased to present the annual report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group engages principally in investing, developing, operating and managing power plants and coal mine projects in the more affluent regions or regions with abundant coal resources in China. The activities of its subsidiaries, associates and joint ventures are set out in Notes 9, 10 and 11 to the financial statements, respectively.

GROUP PROFIT

The consolidated income statement is set out on page 85 and shows the Group's profit for the year ended 31 December 2013. A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Management's Discussion and Analysis on pages 39 to 60 of this Annual Report.

DIVIDENDS

An interim dividend of HK$0.08 per share of the Company ("Share") was paid on 14 October 2013.

The Board resolved to recommend the payment of a final dividend of HK$0.67 per Share for the year ended 31 December 2013 to shareholders whose names appear on the Register of Members of the Company on 18 June 2014. The proposed dividend will be paid on or about 27 June 2014 following approval at the forthcoming annual general meeting of the Company (the "AGM").

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group and the Company during the year are set out in Note 6 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 23 to the financial statements.

RESERVES

Distributable reserves of the Company amounted to HK$5,414.8 million as at 31 December 2013 (2012: HK$2,272.5 million). Movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on pages 87 to 88 of this Annual Report and Note 25 to the financial statements, respectively.

BORROWINGS

The total borrowings of the Group as at 31 December 2013 amounted to HK$87,751.6 million (2012: HK$80.267.0 million). Particulars of borrowings are set out in Note 31 to the financial statements.

Report of the Directors

DIRECTORS

The Directors who held office during the year of 2013 and as at the date of this Annual Report are as follows:

Executive Directors:

Ms. Zhou Junqing	(Chairman)
Mr. Wang Yu Jun	(President)
Mr. Zhang Shen Wen	(Vice Chairman)
Ms. Wang Xiao Bin	(Chief Financial Officer and Company Secretary)

Non-executive Directors:

Mr. Du Wen Min
Mr. Wei Bin
Mr. Huang Dao Guo
Mr. Chen Ying

Independent Non-executive Directors:

Mr. Anthony H. Adams
Mr. Chen Ji Min
Mr. Andrew Ma Chiu Cheung
Ms. Elsie Leung Oi-Sie
Dr. Raymond Ch'ien Kuo-Fung

As at 31 December 2013, none of the Directors had a service contract with the Company or any subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

In accordance with Article 120 of the Company's Articles of Association, Ms Zhou Junqing, Mr. Zhang Shen Wen, Ms Wang Xiao Bin, Ms Elsie Leung Oi-Sie and Dr. Raymond Ch'ien Kuo-Fung shall retire by rotation and being eligible, offer themselves for re-election at the AGM.

Apart from Mr. Anthony H. Adams, who has served as an Independent Non-executive Director for more than 10 years as at the date of this Annual Report and was re-elected at the 2011 annual general meeting on 8 June 2012, no other Independent Non-executive Director currently has served more than 9 years. If an Independent Non-executive Director serves more than 9 years, any further appointment of such Independent Non-executive Director will be subject to a separate resolution to be approved by shareholders.

The Company has received annual confirmation from each of the Independent Non-executive Directors in regards to their independence to the Company and considers that each of the Independent Non-executive Directors is independent to the Company.

Biographical details of the Directors as at the date of this report are set out on pages 14 to 26 of this Annual Report.

The Executive Directors are entitled to salaries and discretionary bonuses determined by the Board at its absolute discretion having regard to the Group's performance and the prevailing market situation. The Non-executive Directors and the Independent Non-executive Directors are entitled to director's fees authorised by shareholders and approved by the Board by reference to the prevailing market conditions. The Directors were granted options to subscribe for the Shares. For details of the share option schemes, please refer to pages 170 to 172 of this Annual Report. Details of Directors' remuneration are provided under Note 37 to the financial statements.

SHARE OPTIONS

(A) Pre-IPO Share Option Scheme

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 6 October 2003. The purposes of the Pre-IPO Share Option Scheme were to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies; and (b) CRH and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies. The Pre-IPO Share Option Scheme ended on 12 November 2003, being the date on which dealings in the Shares commenced on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and no further options under the Pre-IPO Share Option Scheme can be granted after that date. The provisions of the Pre-IPO Share Option Scheme remained in full force and effect for a period of 10 years from 6 October 2003.

Under the Pre-IPO Share Option Scheme, each option had a 10-year exercise period within which there was a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee might exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

On 6 October 2003, in consideration of HK$1.00 per grant, options to subscribe for an aggregate of 167,395,000 Shares at an exercise price of HK$2.80 (being the offer price of the Hong Kong initial public offering of the Company) were conditionally granted to 591 grantees under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Option Scheme expired on 5 October 2013. As at 31 December 2013, no options were outstanding and no further Shares could be issued by the Company under the Pre-IPO Share Option Scheme.

Movement of the options under the Pre-IPO Share Option Scheme during the year ended 31 December 2013 is as follows:

Participants	Date of grant	Number of options outstanding as at 1 January 2013	Number of options lapsed or cancelled or expired during the year	Number of options exercised during the year[1]	Number of options outstanding as at 31 December 2013	Date of expiry	Exercise price (HK$)
Aggregate total of employees	6 Oct 2003	652,204	(203,600)	(448,604)	—	5 Oct 2013	2.750
Aggregate total of other participants	6 Oct 2003	11,851,982	(2,890,010)	(8,961,972)	—	5 Oct 2013	2.750
		12,504,186	(3,093,610)	(9,410,576)	—		

Note: 1. The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK$19.18.

Report of the Directors

(B) Share Option Scheme

A share option scheme (the "Share Option Scheme") was approved by a resolution in writing of the shareholders of the Company on 6 October 2003. The purposes of the Share Option Scheme are to attract and retain the best available personnel; to provide additional incentive to employees, directors, consultants and advisors of (a) the Company, its subsidiaries and associated companies; and (b) CRH and its subsidiaries; and to promote the success of the business of the Company, its subsidiaries and associated companies.

The Board may, at its absolute discretion, offer an option to eligible person to subscribe for the Shares at an exercise price and subject to the other terms of the Share Option Scheme. Upon acceptance of the offer of a grant, the grantee shall pay HK$1.00 to the Company as nominal consideration for the grant.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 367,000,000 Shares, being 10% of the total number of Shares in issue immediately prior to the date on which dealings in the Shares commenced on the Stock Exchange.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The exercise price to subscribe for each Share under the Share Option Scheme shall be not less than the greater of (1) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date the share option is granted; (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant, or (3) the nominal value of the Shares.

Options granted have a 10-year exercise period within which there is a total vesting period of five years. Commencing from the first, second, third, fourth and fifth anniversaries of the date of grant of an option, the relevant grantee may exercise up to 20%, 40%, 60%, 80% and 100% respectively of the Shares comprised in his or her option.

The Share Option Scheme expired on 5 October 2013, no further options under the Share Option Scheme can be granted after that date. In respect of outstanding share options, the provisions of the Share Option Scheme shall remain in full force and effect.

As at 31 December 2013, a total of 22,457,680 Shares (representing approximately 0.47% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Share Option Scheme.

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2013 is as follows:

Participant	Date of grant	Number of options outstanding as at 1 January 2013	Number of options exercised during the year[1]	Number of options outstanding as at 31 December 2013	Date of expiry	Exercise price (HK$)
Name of Director						
Wang Yu Jun	18 Mar 2005	101,800	(101,800)	—	17 Mar 2015	3.919
Zhang Shen Wen	18 Mar 2005	244,320	(244,320)	—	17 Mar 2015	3.919
Anthony H. Adams	18 Nov 2005	109,156	(109,156)	—	17 Nov 2015	4.641
Chen Ji Min	30 Mar 2007	203,600	—	203,600	29 Mar 2017	12.210
Andrew Ma Chiu Cheung	30 Mar 2007	203,600	(203,600)	—	29 Mar 2017	12.210
Aggregate total of employees	1 Sep 2004	1,387,180	(745,840)	641,340	31 Aug 2014	4.175
	18 Mar 2005	1,426,640	(875,480)	551,160	17 Mar 2015	3.919
	18 Nov 2005	8,059,420	(3,282,580)	4,776,840	17 Nov 2015	4.641
	5 Sep 2006	7,216,520	(3,603,000)	3,613,520	4 Sep 2016	6.925
	30 Mar 2007	19,409,800	(9,691,860)	9,717,940	29 Mar 2017	12.210
Aggregate total of other participants	18 Mar 2005	3,279,040	(325,760)	2,953,280	17 Mar 2015	3.919
		41,641,076	(19,183,396)	22,457,680		

Note: 1. The weighted average closing price of the Shares immediately before the date on which the options were exercised was HK$20.97.

2. No option was granted, lapsed or cancelled under the Share Option Scheme during the year.

MEDIUM TO LONG-TERM PERFORMANCE EVALUATION INCENTIVE PLAN

As an incentive to retain and motivate the employees, on 25 April 2008 (the "Adoption Date"), the Board resolved to adopt the "Medium to Long-term Performance Evaluation Incentive Plan" (the "Plan") and the Company appointed BOCI-Prudential Trustee Limited as trustee to this Plan (the "Trustee"). Pursuant to the Plan, Shares may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the selected employees until such Shares are vested with the selected employees in accordance with the provisions of the Plan. The Plan does not constitute a share option scheme pursuant to chapter 17 of the Rules Governing the Listing of Securities ("Listing Rules") and is a discretionary plan of the Company. The Board will implement the Plan in accordance with the terms of the Plan, including the provision of necessary funds to the Trustee for purchase of Shares up to 2% of the issued share capital of the Company as at the Adoption Date (i.e. 4,150,021,178 Shares). The Plan shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

Under the Plan, there were total of 38,001,475 Shares (2012: 38,001,475) amounting to HK$601,809,000 (2012: HK$601,809,000) held by the Trustee at the end of 2013.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at 31 December 2013, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 Laws of Hong Kong) ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein:

(A) The Company

Details of Shares and outstanding options granted under the Share Option Scheme in the Company held by the Directors as at 31 December 2013 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of the Company
Zhou Junqing	Beneficial Owner	470,864	Long	0.010%
	Interest of Spouse	20,000	Long	0.000%
Wang Yu Jun	Beneficial Owner	381,870	Long	0.008%
Zhang Shen Wen	Beneficial Owner	2,671,120	Long	0.056%
Wang Xiao Bin	Beneficial Owner	3,664,560	Long	0.077%
Du Wen Min	Beneficial Owner	480,240	Long	0.010%
Raymond Kuo-Fung Ch'ien	Beneficial Owner	30,000	Long	0.001%
	Interest of Spouse	4,000	Long	0.000%
Andrew Ma Chiu Cheung	Beneficial Owner	203,600	Long	0.004%

Name of Director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of options and underlying shares as at 1 January 2013	Number of options exercised during the year	Number of options and underlying shares as at 31 December 2013	Percentage of the issued share capital of the Company
Wang Yu Jun	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	101,800	(101,800)	—	0.000%
Zhang Shen Wen	Beneficial Owner	18 Mar 2005	17 Mar 2015	3.919	244,320	(244,320)	—	0.000%
Anthony H. Adams	Beneficial Owner	18 Nov 2005	17 Nov 2015	4.641	109,156	(109,156)	—	0.000%
Chen Ji Min	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	—	203,600	0.004%
Andrew Ma Chiu Cheung	Beneficial Owner	30 Mar 2007	29 Mar 2017	12.210	203,600	(203,600)	—	0.000%

(B) China Resources Enterprise, Limited

CRE is an associated corporation of the Company (as defined under the SFO). Details of shares in CRE held by the Directors as at 31 December 2013 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CRE
Du Wen Min	Beneficial Owner	100,000	Long	0.004%
Zhang Shen Wen	Beneficial Owner	20,000	Long	0.001%

(C) China Resources Gas Group Limited

CR Gas is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Gas held by the Directors as at 31 December 2013 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Gas
Zhou Junqing	Beneficial Owner	34,800	Long	0.002%
Zhang Shen Wen	Beneficial Owner	66,000	Long	0.003%
Du Wen Min	Beneficial Owner	54,000	Long	0.002%

(D) China Resources Land Limited

CR Land is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Land held by the Directors as at 31 December 2013 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Land
Zhou Junqing	Beneficial Owner	30,000	Long	0.001%
Du Wen Min	Beneficial Owner	640,000	Long	0.011%
Chen Ying	Beneficial Owner	500,000	Long	0.009%

(E) China Resources Cement Holdings Limited

CR Cement is an associated corporation of the Company (as defined under the SFO). Details of shares in CR Cement held by the Directors as at 31 December 2013 are as follows:

Name of Director	Capacity	Number of issued ordinary shares held	Long/short position	Percentage of the issued share capital of CR Cement
Zhou Junqing	Beneficial Owner	178,000	Long	0.003%
Zhang Shen Wen	Beneficial Owner	100,000	Long	0.002%
Chen Ying	Beneficial Owner	230,000	Long	0.004%

Report of the Directors

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES

Other than disclosed in "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates, of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

In addition there was no contract of significance between the Company or any of its subsidiaries and its controlling shareholder (or any of its subsidiaries) and there was no contract of significance for the provision of services to the Company or any of its subsidiaries by its controlling shareholder (or any of its subsidiaries) subsisting during the year.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2013, the Directors were not aware of any other persons (other than a Director or chief executive, whose interests are disclosed in the section headed "Directors' Interests in Securities" above) who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

Name of shareholders	Note	Capacity	No. of Shares held	Long/short position	Approximate % of shareholding
CRH (Power) Limited	1	Beneficial owner	3,024,999,999	Long	63.13%
CRH	1	Interest in a controlled corporation	3,025,001,999	Long	63.13%
CRC Bluesky Limited	1	Interest in a controlled corporation	3,025,001,999	Long	63.13%
China Resources Co., Limited ("CRC")	1	Interest in a controlled corporation	3,025,001,999	Long	63.13%
China Resources National Corporation ("CRNC")	1	Interest in a controlled corporation	3,025,001,999	Long	63.13%

Note: 1. CRH (Power) Limited is a 100% subsidiary of CRH, which is a 100% subsidiary of CRC Bluesky Limited, which is in turn owned as to 100% by CRC, which is in turn held as to 100% by CRNC. Each of CRH, CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in 3,024,999,999 Shares as those of CRH (Power) Limited. CRH, through another wholly-owned subsidiary, is interested in 2,000 Shares of the Company. Accordingly, each of CRNC, CRC and CRC Bluesky Limited is deemed by virtue of Part XV of the SFO to have the same interests in the 2,000 Shares as those of CRH.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group conducted certain transactions with connected persons which constituted connected transactions and continuing connected transactions for the Group under the Listing Rules. Details of those connected transactions and continuing connected transactions which are subject to the reporting requirements under Rule 14A.46 of the Listing Rules are summarized below.

Connected Transactions

Acquisition of the Wind Farm Group

On 9 May 2013, the Company entered into an acquisition agreement to acquire the entire equity interests of Elite Wing Limited and its subsidiaries ("the Wind Farm Group") from a fellow subsidiary, Thriving Choice Limited, at a total cash consideration of approximately HK$4,286.8 million. The Wind Farm Group mainly comprises 30 wind power generation companies, which are engaged in the development and operations of wind farms in ten provinces of the PRC. As CRH is the controlling shareholder of the Company and wholly-owns Thriving Choice Limited, the abovementioned acquisition constitutes a connected transaction under the Listing Rules. The transaction completed on 30 May 2013 and Elite Wing Limited became a wholly-owned subsidiary of the Company then.

Continuing Connected Transactions

On 12 December 2012, CR Power and CR Cement entered into the Master Coal Supply Agreement pursuant to which CR Power Group agreed to supply coal to CR Cement Group with a term of three years from 1 January 2013 to 31 December 2015. Reference is also made to the joint announcement made by CR Power and CR Cement on 9 April 2010 which announced the continuing connected transaction relating to the supply of coal by CR Power Logistics to CR Cement Investments (on behalf of Certain CR Cement Subsidiaries) under the 2010 Agreement for a term from 9 April 2010 to 31 December 2012. Under the master agreement, the specification, quantity and unit price of the coal are to be agreed by the parties each time when a monthly sale and purchase order is being placed, on or before the 15th day of each month. The unit price of coal will be negotiated on an arm's length basis between CR Cement Investments and CR Power based on the prevailing market prices for coal. Since CRC, being the controlling shareholder of the Company, holds 73.35% of the issued share capital of CR Cement, the transactions contemplate under the Master Coal Agreement constitute continuing connected transactions under the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules"). Details of the continuing connected transactions are as stated in the Company's announcement dated 12 December 2012. For the year ended 31 December 2013, the aggregate amount of supply of coal amounted to nil.

Report of the Directors

In accordance with paragraph 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that save as these transactions, other continuing connected transactions of the Company conducted during the year ended 31 December 2013, were exempt from the reporting, announcement and independent shareholders' approval requirements under paragraph 14A.33 of the Listing Rules and that the above continuing connected transactions:

(i) have been entered into in the ordinary and usual course of the Company's business;

(ii) have been entered into either:

 (a) on normal commercial terms; or

 (b) where there was no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than those available to or from independent third parties; and

(iii) have been entered into on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole, and in accordance with the terms of the agreements governing such transactions.

Based on work performed, PricewaterhouseCoopers, the Company's independent auditor, has confirmed in a letter to the Board to the effect that the above transactions:

(a) have received the approval of the Board;

(b) are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;

(c) have been entered into in accordance with the relevant agreement governing the transactions; and

(d) have not exceeded the caps disclosed in the previous announcements of the Company.

Save for the following transactions, none of the related party transactions contained in Note 47 to the financial statements falls under the definition of "connected transactions" or "continuing connected transactions" within the meaning of the Listing Rules:

(1) The two trademark licence agreements dated 17 October 2003 entered into between the Company and CRNC and CRH respectively, under which the Company was granted irrevocable, royalty free and non-exclusive licences to use certain trade marks and the rights to sub-license the same to any member of the Group in consideration of nominal amount of HK$1 each.

(2) Significant transactions with related parties during the year:

Name of related company	Relationship	Nature of transactions	2013 HK$'000
CRH	Intermediate holding company	Interest expense	42,553
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expense	5,152
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense	7,686
Certain subsidiaries of CR Cement	Fellow subsidiaries	Sales of de-sulphur Gypsum	3,596
		Sales of ash and slag	15,878
		Purchase of limestone powder	3,329
China Resources Packaging Materials Co., Ltd.	Fellow subsidiary	Sales of coal	30,000
Thriving Choice Limited	Fellow subsidiaries	Interest expense	43,447

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2013.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers together accounted for 21.5% of the Group's total purchases during the year. The five largest suppliers are 中國神華能源股份有限公司 (China Shenhua Energy Company Limited) (10.8%), 中國中煤能源股份有限公司 (China Coal Energy Company Limited) (4.9%), 大同煤礦集團有限責任公司 (Datong Coal Mine Group Co. Ltd) (2.1%), 國投新集能源股份有限公司 (SOIC Xinji Energy Co. Ltd) (2.1%) and 湖南黑金時代股份有限公司 (Hunan Heijin Era Company Limited) (1.6%).

Sales to the Group's five largest customers together accounted for 74.6% of the Group's total turnover during the year. The five largest customers are 江蘇省電力公司 (Jiangsu Electric Power Company) (32.0%), 廣東電網公司 (Guangdong Power Grid Company) (14.4%), 河南省電力公司 (Henan Provincial Power Company) (14.1%), 湖北省電力公司 (Hubei Provincial Power Comapny) (7.9%) and 山東省電力公司 (Shangdong Electric Power Corporation) (6.2%).

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have any interest in any of the Group's five largest suppliers or customers.

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

The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the year ended 31 December 2013.

Report of the Directors

CORPORATE GOVERNANCE CODE

The Company has applied all of the principles and complied with the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules. The Company also adopted most of the recommended best practices in the Code.

The Company's corporate governance practices is set out in the Corporate Governance Report on pages 61 to 79 of this Annual Report.

MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2013.

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 Annual Report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT AND RISK COMMITTEE

The financial statements have been reviewed by the Audit and Risk Committee. All of the five Audit and Risk Committee members are appointed from the Independent Non-executive Directors or Non-executive Directors, majority of which are Independent Non-executive Directors, with the Chairman of the Audit and Risk Committee having appropriate professional qualifications and experience in financial matters.

AUDITORS

The consolidated financial statements for the year ended 31 December 2013 was audited by PricewaterhouseCoopers.

At the annual general meeting of the Company held on 8 June 2012, Messrs. Deloitte Touche Tohmatsu retired as the auditor of the Company and Messrs. PricewaterhouseCoopers was appointed as the new auditor of the Company.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as the auditors of the Company.

On behalf of the Board
China Resources Power Holdings Company Limited

Zhou Junqing
Chairman

Hong Kong, 17 March 2014

Management's Discussion and Analysis

BUSINESS REVIEW FOR 2013

We are engaged in the development, construction and operation of power plants, including large-scale efficient coal-fired generation units and various clean and renewable energy projects as well as development, construction and operation of coal mines.

China's total power generation reached 5.35 trillion kWh in 2013, representing an increase of 7.5%, accelerating by 2.3 percentage points compared with 2012. Coal-fired power generation amounted to 4.2 trillion kWh, representing an increase of 7.1%, accelerating by 6.8 percentage points compared with 2012. Wind power generation amounted to 0.14 trillion kWh, representing an increase of 36.4% compared with 2012.

The demand and supply in the coal market was relatively easy in 2013. China's coal production volume increased slightly and coal net imports continued to grow. In 2013, China's net imports amounted to approximately 320 million tonnes, 40 million tonnes higher than that in 2012. At the start of 2013, coal prices experienced a slow decline at first, and accelerated as summer approached. In the fourth quarter, coal prices rebounded due to factors such as overhaul of Datong-Qinhuangdao Railway line and coal storage in winter. On average, as a result of a sharp decrease during the first ten months, coal prices still recorded a significant decline in 2013.

According to the statistics of China Electricity Council ("CEC"), as at the end of 2013, the total generation capacity in China increased to approximately 1,247.4GW, representing an increase of approximately 9.3% or 94GW compared with the end of 2012. The total new capacity added for coal-fired, hydro, grid-connected wind power projects and grid-connected solar power projects amounted to approximately 36.5GW, 29.9GW, 14.1GW and 11.3GW, respectively. New coal-fired generation capacity added during the year only represented 38.8% of the total new capacity additions, representing a decrease of 24.4 percentage points from 2012.

In 2013, as a result of the slight improvement in electricity consumption and low water flow of hydro-electric plants in the second half of the year, the average utilisation hours for coal-fired generation units in China increased by 30 hours or 0.6% year on year to 5,012 hours. Most power plants of the Group are large-scale efficient generation units mainly located in regions with relatively strong demand for electricity which give us certain competitive advantages. The average full-load equivalent utilisation hours of the 32 coal-fired power plants which were operational for the full year of 2013 reached 5,747 hours, exceeding the national average level by 735 hours.

In 2013, the average utilisation hours for wind power generation units in China was 2,080 hours. Wind farms of the Group are mainly located in regions with few issues of curtailment including Eastern, Southern and Northern China. The average full-load equivalent utilisation hours of our wind farms which were operational for the full year of 2013 reached 2,248 hours, exceeding the national average level by 168 hours.

Growth of generating capacity

As at 31 December 2013, our total attributable operational generation capacity increased to 26,921MW from 25,271MW as at 31 December 2012.

As at 31 December 2013, coal-fired attributable operational generation capacity amounted to 23,692MW, accounting for 88.0% of our total attributable operational generation capacity, representing a decrease of 4.2 percentage points compared to the end of last year. Wind, gas-fired and hydro capacity amounted to 2,872MW, 77MW and 280MW, respectively, and together accounting for 12.0% of our total attributable operational generation capacity, representing an increase of 4.2 percentage points compared to the end of last year which is mainly attributable to the increase of operational wind power generation capacity.

Management's Discussion and Analysis

In 2013, a 1,000MW ultra-supercritical coal-fired generation unit in Puqi, Hubei was commissioned and three 200MW coal-fired generation units in Jinzhou, Liaoning were shut down. In addition, we commissioned a group of wind power projects and acquired a number of wind farms from our parent company during the first half of the year in Shandong, Inner Mongolia, Shanxi, Hubei, Guangdong, Heilongjiang, Jiangsu and Liaoning, which collectively added a total of 1,250MW of new attributable operational wind generation capacity.

Generation volume

The total gross generation volume of our 79 consolidated operating power plants and wind farms amounted to 133,247,814MWh in 2013, representing an increase of 9.8% from 121,350,109MWh in 2012.

The total net generation volume of our 79 consolidated operating power plants and wind farms amounted to 125,447,662MWh in 2013, representing an increase of 10.0% from 114,006,115MWh in 2012.

On a same plant basis (using 32 coal-fired power plants which were in commercial operations for the entire year of 2012 and 2013), both gross and net generation volumes increased by 0.4%. The average full-load equivalent utilisation hours for 2013 of the 32 coal-fired power plants amounted to 5,747 hours, representing an increase of 0.4% from 5,725 hours in 2012.

On-grid Tariff Adjustment

The National Development and Reform Commission of China ("NDRC") issued a notice to cut the on-grid tariffs of the coal-fired power plants throughout the PRC effective 25 September 2013 and the rate of adjustment ranging from RMB 9/MWh to RMB 25/MWh varies from region to region, which affected the profitability of the Group's coal-fired power plants to a certain extent. However, coal-fired power plants continued to benefit from abundant supply of coal and decrease in coal price.

Fuel costs

Average unit fuel cost for our consolidated operating power plants in 2013 was RMB212.78/MWh, representing a year-on-year decrease of 16.3%. Average standard coal cost for our consolidated operating power plants in 2013 decreased by 15.1% on a year-on-year basis.

In 2013, the average net generation standard coal consumption rate of our coal-fired power plants was 315.19g/kWh, representing a decrease of 4.97g/kWh or 1.6% from 320.16g/kWh in the previous year.

Environmental expenses

In 2013, environmental fees incurred by each of the subsidiaries were in the range of RMB30,000 to RMB25 million. The total amount of environmental fees incurred by our subsidiaries was RMB200 million, as compared with RMB234 million for 2012. The decrease in environmental expenses was mainly due to shutdown of three 200MW coal-fired generation units in Jinzhou, Liaoning by the Company during the year, and the reduction of oxynitride emission due to the completion of denitration installation on some generation units.

Development of renewable energy projects

In 2013, we continued to increase our investment in renewable energy projects, especially in the development and construction of wind farms. We acquired 32 wind power projects incubated by our parent company at a total consideration of HK$4,286.8 million in the first half of the year. At the end of 2013, our attributable operational wind generation capacity reached 2,872MW and wind power capacity under construction was 827MW.

Coal mine operations

In 2013, our coal mine operations in Shanxi, Jiangsu, Henan and Hunan provinces produced a total of approximately 14.62 million tonnes of coal (aggregation of each mine production volume on a 100% basis), representing a decrease of 13.2% from 2012, among which, 12.43 million and 2.19 million tonnes were produced by our subsidiary coal mines and associate coal mines, respectively.

PROSPECTS FOR 2014

In 2014, in accordance with reforms promulgated by the "Third Plenary Session", such as new-type urbanization, establishment of Free Trade Zones and further implementation of market mechanisms, in order to satisfy various demands of structural adjustment, growth promotion and employment preserving, it is expected that the Chinese government will aim to sustain a stable growth in annual GDP.

Currently, the adjustment to industrial structure is mainly to solve the problem of excess capacity and transfer high energy consumption industries to the western and central regions. It is expected that the growth rate of power consumption in high energy consumption industries will not rise significantly. Tertiary industry and household power consumption will continue to maintain high growth momentum, however, industrial power consumption will remain a dominant part.

The CEC forecasts that the overall power demand in 2014 is expected to remain moderate, and the supply and demand for electricity in the PRC will continue to be balanced. It is expected that China's total electricity consumption in 2014 will increase to between 5.67 to 5.72 trillion kWh, representing an increase of approximately 6.5% to 7.5% compared to 2013.

It is expected that the trend of total output easing and the structural surplus in the coal market will not make fundamental changes in 2014. In spite of the carry-over effect of coal prices during the fourth quarter of 2013, it is expected that it will be difficult for coal prices to rebound substantially in 2014 and we believe it will continue to remain at low levels similar to that in 2013.

In 2014, we will continue to implement standardized lean management throughout our operational power plants, with which, we aim to improve our operational efficiency and management level, as well as improve and optimize various production and operation indicators constantly through organic growth. Meanwhile, we will continue to accelerate the installation of denitration and ash-removal facilities in our coal-fired power plants to seek environmental tariff subsidies and to actively perform on our social obligations in energy conservation and emission reduction.

In light of the regulatory environment in China's coal-fired power generation sector, we screen our investment projects very stringently and select coal-fired power plant projects that we consider to be highly competitive and can create future value for our shareholders. Furthermore, we will continue to increase our investments in the clean and renewable energy sectors, with a focus on the construction of wind farms.

In 2014, we will continue to complete the construction, technological upgrade and acceptance inspections of some of the consolidated coal mines to obtain the licences required for coal mine production and operation issued by the government. At the same time, we will continue to endeavour to develop stable and reliable sales channels as well as establish the logistics system of our coal sales.

We have been broadening and maintaining low-cost financing channels. It is also critical for us to continue to monitor our capital structure and balance sheet on an on-going basis to ensure a stable capital structure to support the Group's operations and various development plans.

OPERATING RESULTS

The audited results of operations for the years ended 31 December 2013 and 2012 are as follows:

Consolidated Income Statement

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Turnover	**69,581,526**	62,435,520
Operating expenses		
Fuels	**(33,067,387)**	(35,589,027)
Repairs and maintenance	**(1,579,675)**	(1,145,345)
Depreciation and amortisation	**(7,371,469)**	(6,183,139)
Employee benefit expenses	**(4,784,336)**	(3,762,080)
Consumables	**(1,070,107)**	(928,894)
Impairment charges	**(1,997,057)**	(679,711)
Business tax and surcharge	**(659,993)**	(499,995)
Others	**(4,256,991)**	(3,348,608)
Total operating expenses	**(54,787,015)**	(52,136,799)
Other income	**1,848,651**	1,306,198
Other gains — net	**861,339**	400,938
Operating profit	**17,504,501**	12,005,857
Finance costs	**(3,328,216)**	(3,835,796)
Share of results of associates	**1,205,388**	1,643,372
Share of results of joint ventures	**755,556**	90,328
Profit before income tax	**16,137,229**	9,903,761
Income tax expense	**(3,551,936)**	(1,179,214)
Profit for the year	**12,585,293**	8,724,547
Profit attributable to:		
Owners of the Company	**11,015,526**	7,478,916
Non-controlling interests		
– Perpetual capital securities	**421,835**	418,344
– Others	**1,147,932**	827,287
	12,585,293	8,724,547
Earnings per share attributable to owners of the Company during the year		
– Basic	**HK$2.32**	HK$1.59
– Diluted	**HK$2.31**	HK$1.58

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013

	2013 **HK$'000**	2012 HK$'000
Profit for the year	**12,585,293**	8,724,547
Other comprehensive income:		
Currency translation differences	**2,217,253**	226,225
Share of other comprehensive income of investments accounted for using the equity method	**188,065**	224,418
Cash flow hedges	**150,216**	(2,485)
Other comprehensive income for the year, net of tax	**2,555,534**	448,158
Total comprehensive income for the year	**15,140,827**	9,172,705
Attributable to:		
Owners of the Company	**13,218,931**	7,888,405
Non-controlling interests		
– Perpetual capital securities	**421,835**	418,344
– Others	**1,500,061**	865,956
	1,921,896	1,284,300
Total comprehensive income for the year	**15,140,827**	9,172,705

Management's Discussion and Analysis

Consolidated Balance Sheet

As at 31 December 2013

	2013 HK$'000	2012 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**131,579,042**	103,660,633
Prepaid lease payments	**2,747,683**	2,372,579
Mining rights	**21,381,263**	14,051,781
Exploration and resources rights	**172,565**	—
Prepayment for non-current assets	**7,066,387**	4,447,854
Investments in associates	**12,995,773**	19,060,119
Investments in joint ventures	**1,873,202**	1,728,980
Goodwill	**3,126,941**	3,914,280
Deferred income tax assets	**494,493**	264,296
Available-for-sale investments	**1,375,876**	1,319,116
Loan to an available-for-sale investee company	—	176,772
Loan to a non-controlling shareholder of a subsidiary	**17,171**	—
	182,830,396	150,996,410
Current assets		
Inventories	**3,481,838**	3,258,710
Trade receivables, other receivables and prepayments	**18,344,979**	14,758,931
Loans to associates	**839,447**	3,454,804
Loan to joint ventures	**369,903**	—
Loan to an available-for-sale investee company	**277,860**	—
Amounts due from associates	**264,727**	592,171
Amounts due from joint ventures	**778,419**	—
Amounts due from other related companies	**41,329**	77,730
Financial assets at fair value through profit or loss	**2,956**	3,687
Pledged bank deposits	**598,003**	249,986
Cash and cash equivalents	**6,035,046**	4,397,289
	31,034,507	26,793,308
Total assets	**213,864,903**	177,789,718

	2013 HK$'000	2012 HK$'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	**4,791,457**	4,762,863
Share premium and reserves	**60,193,604**	49,280,120
	64,985,061	54,042,983
Non-controlling interests		
– Perpetual capital securities	**5,897,006**	5,897,056
– Others	**13,850,814**	8,955,962
	19,747,820	14,853,018
Total equity	**84,732,881**	68,896,001
LIABILITIES		
Non-current liabilities		
Borrowings	**73,438,346**	59,876,386
Derivative financial instruments	**173,652**	320,851
Deferred income tax liabilities	**2,569,573**	573,881
Deferred income	**607,513**	487,547
Retirement and other long-term employee benefits obligations	**386,797**	136,481
	77,175,881	61,395,146
Current liabilities		
Trade payables, other payables and accruals	**29,956,821**	23,022,262
Amounts due to associates	**969,497**	600,557
Amounts due to joint ventures	**397,203**	—
Amounts due to other related companies	**4,997,201**	2,977,131
Current income tax liabilities	**1,322,159**	506,479
Borrowings	**14,313,260**	20,390,649
Derivative financial instruments	**—**	1,493
	51,956,141	47,498,571
Total liabilities	**129,132,022**	108,893,717
Total equity and liabilities	**213,864,903**	177,789,718
Net current liabilities	**(20,921,634)**	(20,705,263)
Total assets less current liabilities	**161,908,762**	130,291,147

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**16,137,229**	9,903,761
Adjustments for:		
Depreciation for property, plant and equipment	**6,915,411**	5,789,430
Amortisation of mining rights	**389,339**	312,433
Amortisation of prepaid lease payments	**66,718**	81,276
Recognition of share-based payments	—	1,477
Impairment charges on property, plant and equipment	**801,220**	324,226
Impairment charges on mining rights	**27,619**	—
Impairment charges on goodwill	**949,652**	274,000
Impairment charges on investments in associates	**46,723**	46,723
Impairment charges on inventories	**78,180**	—
Provision for doubtful accounts	**93,663**	34,762
Exchange gains	**(893,411)**	—
Interest expense	**3,328,216**	3,835,796
Interest income	**(196,198)**	(230,072)
Fair value changes on financial assets at fair value through profit or loss	**844**	(645)
Fair value changes on derivative financial instruments	**1,524**	(38,054)
Share of results of associates	**(1,205,388)**	(1,643,372)
Share of results of joint ventures	**(755,556)**	(90,328)
Dividends received from available-for-sale investments	**(199,845)**	(158,256)
Net losses/(gains) on disposal of property, plant and equipment	**107,768**	(97,076)
Net gains on disposal of prepaid lease payments	**(8,163)**	—
Net losses/(gains) on disposal of equity investments	**20,067**	(35,698)
Damages received from termination of a contract	—	(174,547)
Changes in working capital:		
Decrease in inventories	**22,641**	333,857
(Increase)/decrease in trade receivables, other receivables and prepayments	**(2,284,891)**	1,258,032
Increase in trade payables, other payables and accruals	**2,810,749**	535,916
Increase/(decrease) in retirement and other long-term employee benefits obligations	**316,140**	(95,378)
Income tax paid	**(3,382,560)**	(1,203,230)
CASH FLOWS FROM OPERATING ACTIVITIES - NET	**23,187,691**	18,965,033

	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from associates	**1,141,461**	1,011,099
Dividend received from available-for-sale investments	**45,762**	182,379
Interest received	**465,874**	232,425
(Additions)/withdrawal of pledged bank deposits	**(347,069)**	53,991
Recovery of deposits for acquisition of mining rights and exploration and resources rights and related interests	**—**	1,558,209
Acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	**(22,983,598)**	(10,374,241)
Deposit paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights	**(274,728)**	(295,883)
Proceeds from disposal of property, plant and equipment	**48,479**	24,923
Proceeds from disposal of prepaid lease payments	**10,049**	—
Proceeds from disposal of investments	**573,771**	—
Loan repaid from a non-controlling shareholder of a subsidiary	**(13,912)**	77,929
Loans repaid by associates/(loans to associates)	**2,678,382**	(812,137)
Loan to an available-for-sale investee company	**(95,552)**	(176,772)
Loan to a non-controlling shareholder of a subsidiary	**(17,171)**	—
Capital contribution for available-for-sale investments	**(31,729)**	(245,340)
Capital contribution into associates	**(388,582)**	(270,265)
Capital contribution into joint ventures	**(18,299)**	(266,841)
Net cash inflow/(outflow) on acquisition of subsidiaries	**5,007,498**	(424,540)
Net cash outflow on acquisition of interest in an associate	**—**	(518,819)
Government grants related to assets	**126,872**	260,916
CASH FLOWS FROM INVESTING ACTIVITIES - NET	**(14,072,492)**	(9,982,967)

Management's Discussion and Analysis

	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings raised	**40,459,277**	33,574,785
Proceeds from issuance of corporate bonds	—	2,453,200
Repayment of bank borrowings	**(37,112,030)**	(39,599,742)
Coupon payment on perpetual capital securities	**(421,885)**	(421,655)
Proceeds from issuance of shares for exercised options	**196,573**	107,929
Proceeds from disposal of interests in a subsidiary to non-controlling interest	**244,366**	—
Capital contributions from non-controlling interests	**576,746**	243,762
Purchase of shares held by a medium to long-term performance evaluation incentive plan	—	(13,455)
Advances from/(repayment of advances to) associates	**303,376**	(68,991)
Advances from joint ventures	**396,489**	—
Advances from other related companies	**69,124**	41,776
Loan from an intermediate holding company	—	2,600,000
Loan repaid to an intermediate holding company	**(2,600,511)**	(1,238,337)
Repayment to non-controlling interests of subsidiaries	**(3,377)**	(154,874)
Interests paid	**(4,073,375)**	(4,346,029)
Dividends paid to owners of the Company	**(2,514,411)**	(1,414,371)
Dividends paid to non-controlling interests of the subsidiaries	**(3,158,884)**	(882,867)
CASH FLOWS FROM FINANCING ACTIVITIES - NET	**(7,638,522)**	(9,118,869)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,476,677**	(136,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**4,397,289**	4,496,605
EXCHANGE GAINS	**161,080**	37,487
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**6,035,046**	4,397,289

Overview

Net profit for Year 2013 amounted to approximately HK$11,016 million, representing an increase of approximately 47.3% from approximately HK$7,479 million in Year 2012.

In 2013, increase of 10% in net generation volume of our subsidiary power plants and decrease of 16.3% in average unit fuel cost for our consolidated operating coal-fired power plants respectively, in comparison with 2012, drove our profit from operations to rise by 45.8% on a year-on-year basis to HK$17,505 million. Combined with increases in other income/foreign exchange gains, the decrease in finance costs and the higher profit contribution from joint ventures, net profit during the year increased by 47.3% compared to Year 2012.

Basis of preparation of financial statements and principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention, as modified for available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair values.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosure required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

As at 31 December 2013, the Group had net current liabilities of approximately HK$20,922 million. The directors of the Company (the "Directors") are of the opinion that, taking into account the current operation and business plan of the Group as well as the banking facilities undrawn by the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as they fall due for the following twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

SEGMENT INFORMATION

Turnover represents revenue received and receivable arising on sales of electricity, heat generated by thermal power plants and sales of coal, net of value-added tax, during the year.

	2013 **HK$'000**	2012 HK$'000
Sales of electricity	**61,685,099**	55,547,575
Of which: Sales of power generation from coal-fired power plants	**58,045,660**	53,064,679
Sales of power generation from renewable energy	**3,639,439**	2,482,896
Heat supply	**2,507,712**	2,344,618
Sales of coal	**5,388,715**	4,543,327
	69,581,526	62,435,520

Our turnover for the Year 2013 was HK$69,582 million, representing a 11.5% increase from HK$62,436 million in Year 2012. The increase in turnover was mainly due to a 10.0% increase year-on-year in net generation volume of our consolidated operating power plants, and CR Daning being consolidated into the Group as a subsidiary in March 2013, but partially offset by a 12% decrease in sales volume of our same subsidiary coal mines and decrease in average sales price of coal per tonne by approximately 22.7% as compared to the same period last year.

The Group is currently engaged in three business areas - thermal power (inclusive of coal-fired and gas fired power plants), renewable energy (inclusive of wind farms and hydro-electric projects) and coal mining. With the development of renewable energy business and the acquisition of certain subsidiaries engaging in this business in 2013, management determined to disclose renewable energy as a separate reportable segment due to its importance from 2013, instead of including it in the segment of "Generation of electricity and heat" in prior years.

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2013

	Coal-fired power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	**60,553,372**	**3,639,439**	**5,388,715**	—	**69,581,526**
Inter-segment sales	—	—	**70,251**	**(70,251)**	—
Total	**60,553,372**	**3,639,439**	**5,458,966**	**(70,251)**	**69,581,526**
Segment profit	**15,573,237**	**2,058,495**	**353,862**	—	**17,985,594**
Unallocated corporate expenses					**(675,767)**
Interest income					**196,198**
Fair value change on derivative financial instruments					**(1,524)**
Finance costs					**(3,328,216)**
Share of results of associates					**1,205,388**
Share of results of joint ventures					**755,556**
Profit before income tax					**16,137,229**

For the year ended 31 December 2012

	Coal-fired power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	55,409,297	2,482,896	4,543,327	—	62,435,520
Inter-segment sales	—	—	62,272	(62,272)	—
Total	55,409,297	2,482,896	4,605,599	(62,272)	62,435,520
Segment profit	9,999,045	1,449,739	775,104	—	12,223,888
Unallocated corporate expenses					(486,157)
Interest income					230,072
Fair value change on derivative financial instruments					38,054
Finance costs					(3,835,796)
Share of results of associates					1,643,372
Share of results of joint ventures					90,328
Profit before income tax					9,903,761

Inter-segment sales are charged at prevailing market rates.

Geographical information

Substantially all of the Group's non-current assets are located in the PRC, and operations for the year were substantially carried out in the PRC.

Operating expenses

Operating expenses mainly comprise fuels, repairs and maintenance, depreciation and amortisation, employee benefit expenses, consumables, business tax and surcharge, impairment charges, and other operating expenses. Other operating expenses include (among others) sustainable development funds, safety fees, discharge fees, professional fees, office rent, travelling expenses, entertainment expenses and write-off of pre-operating expenses. Operating expenses in Year 2013 amounted to HK$54,787 million, an increase of 5.1% from HK$52,137 million in Year 2012.

The increase in operating expenses was primarily attributable to the increases in depreciation and amortisation, repairs and maintenance, employee benefit expenses, consumables, business tax and surcharge, impairment charges and other operating expenses, however, fuels decreased as a result of the decrease in coal prices in the year.

Fuels in Year 2013 amounted to approximately HK$33,067 million, representing a decrease of HK$2,522 million or 7.1% from HK$35,589 million in Year 2012. Although the net generation volume of our consolidated power plants increased by 10.0% over last year, the average unit fuel cost for our consolidated coal-fired power plants in 2012 decreased by 16.3% on a year-on-year basis, as a result, fuels decreased over last year.

Depreciation and amortisation in 2013 increased by approximately HK$1,188 million or 19.2% to a total of approximately HK$7,371 million. This is mainly due to (1) an increase in the total number of operating coal-fired power plants and wind farms during the year with our attributable operational capacity increasing from 25,271MW as at the end of 2012 to 26,921MW as at the end of 2013; and (2) CR Daning was consolidated into the Group as a subsidiary since March 2013.

In 2013, repairs and maintenance costs increased by approximately HK$434 million or 37.9% to approximately HK$1,580 million. This was mainly due to the increase in the number of coal-fired generation units which underwent repairs and maintenance during the year as compared to 2012 as the installed capacity increased.

Employee benefit expenses increased by approximately 27.2% or HK$1,022 million to HK$4,784 million from approximately HK$3,762 million in 2012. This was due to an increase in the number of employees as a result of the expansion of operations. As at the end of 2013, the Group had approximately 43,990 full-time employees, representing an increase from approximately 38,118 employees as at the end of 2012. In addition, as CR Daning became a subsidiary of the Company in March 2013, its employee benefit expenses have been included.

Business tax and surcharge increased by approximately 32.0% from HK$500 million in 2012 to approximately HK$660 million. This was mainly attributed to the consolidation of CR Daning and an increase in the net value-added tax due to the decrease in unit fuel cost, resulting in an increase in surcharge.

Impairment charges increased by 193.8%, from approximately HK$680 million for Year 2012 to approximately HK$1,997 million, mainly due to (1) the impairment provision made by the Company for some assets of certain mines and coal-fired generation units of the Company in view of government policies for shutting down inefficient capacity, technology phasing out and natural wear and tear and (2) the Company made impairment provision for goodwill after analyzing the market in which certain coal-fired generation units of the Group operate.

Other operating expenses for Year 2013 amounted to approximately HK$4,257 million, increased by HK$908 million or 27.1% from HK$3,349 million in 2012, including other operating expenses arising from the consolidation of CR Daning of approximately HK$510 million.

Other income and other gains - net

During 2013, other income amounted to approximately HK$1,849 million, representing an increase of 41.5% when compared with approximately HK$1,306 million in 2012.

The increase in other income is mainly due to the increase in sales revenue from by-products of coal ash to approximately HK$645 million in 2013, representing an increase of HK$300 million or 86.9% from the previous year, interest income of approximately HK$196 million, government grant and subsidies of approximately HK$357 million, dividend income of approximately HK$200 million and service income from heat connection contracts of approximately HK$160 million.

Other gains were approximately HK$861 million, compared with other gains in 2012 of approximately HK$401 million. The increase in other gains was mainly due to the exchange gains of HK$893 million in the year, compared with exchange losses of approximately HK$4 million in 2012.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expense and non-controlling interests. Operating profit amounted to HK$17,505 million for Year 2013, representing an increase of 45.8% from HK$12,006 million for Year 2012. The increase was mainly due to (1) increased profit of power plants as a result of the decrease in unit fuel cost; (2) profit contribution from newly commissioned large-scale coal-fired generation units; (3) consolidation of CR Daning in the financial statements since it became a subsidiary in March 2013; (4) increase in earnings from wind power operations driven by increased operational wind power generation capacity; and (5) increase in exchange gains, after partially offset by decrease in earnings from coal operations resulted from the reduction of sales volume of our same subsidiary coal mines and fall in sales price of coal.

Finance costs

Finance costs amounted to approximately HK$3,328 million in Year 2013, representing a decrease of 13.2% from HK$3,836 million in Year 2012, mainly because the average cost of bank and other borrowings was approximately 4.84% during the year, representing a decrease of approximately 0.42 percentage point compared to 5.26% in 2012. While the average amount of bank and other borrowings (being the average of the sum of total interest-bearing liabilities at the beginning and the end of the year) increased to HK$87,976 million in 2013 from HK$84,059 million in 2012, total finance costs decreased.

	2013 **HK$'000**	2012 HK$'000
Interests on bank borrowings :		
– wholly repayable within five years	**2,938,563**	3,360,416
– not wholly repayable within five years	**118,296**	163,591
Interests on corporate bonds:		
– wholly repayable within five years	**498,546**	227,271
– not wholly repayable within five years	**356,059**	578,373
Interests on loans from related parties :		
– wholly repayable within five years	**86,000**	35,199
Others	**101,738**	61,496
	4,099,202	4,426,346
Less: Interests capitalised in property, plant and equipment	**(770,986)**	(590,550)
	3,328,216	3,835,796

Share of results of associates

Share of results of associates in Year 2013 amounted to approximately HK$1,205 million, representing a decrease of HK$438 million or 26.7% from HK$1,643 million in Year 2012. The decrease was mainly due to CR Daning being consolidated as a subsidiary since March 2013, while it was accounted for as an associate before that, resulting in a decrease in share of results of associates. However, the profitability of associate coal-fired power plants improved in 2013.

Share of results of joint ventures

Share of results of joint ventures in Year 2013 amounted to approximately HK$756 million (Year 2012: HK$90.33 million). This was mainly attributable to the profit contributed by Hezhou Power Plant, Guangxi, which commenced commercial operation during the second half of 2012.

Fair value change on derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate swap) to hedge its exposure against changes in interest rate on bank borrowings. At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion and changes in fair value of some swaps that do not qualify for hedge accounting are recognised immediately in profit and loss. Fair value gain on derivative financial instruments in Year 2013 amounted to HK$1.5 million and represented the gain relating to the ineffective portion of cash flow hedge.

Income tax expense

Income tax expense for Year 2013 amounted to HK$3,552 million, representing an increase of HK$2,373 million or 201.2% from HK$1,179 million in 2012. In 2013, the increase in PRC enterprise income tax was mainly due to (1) increased profit of our consolidated power plants; (2) increased tax rates due to the expiration of tax concessions for certain subsidiary coal-fired power plants; (3) certain consolidated wind power projects entering preferential income tax stage with 50% concession or levied in full; and (4) increase in income tax expense resulting from the consolidation of CR Daning after it became a subsidiary.

Details of the Income tax expense for the years ended 31 December 2013 and 2012 are set out below:

	2013 HK$'000	2012 HK$'000
Current income tax — PRC enterprise income tax	**3,622,109**	1,183,628
Deferred income tax	**(70,173)**	(4,414)
	3,551,936	1,179,214

No provision for Hong Kong profits tax has been made as the Group had no taxable profit or incurred tax losses in Hong Kong for both years.

The PRC enterprise income tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to certain subsidiaries in the PRC.

Profit for the year

	2013 HK$'000	2012 HK$'000
Profit for the year has been arrived at after charging:	**3,622,109**	1,183,628
Directors' remuneration		
– Fees	**1,225**	1,280
– Salaries and bonus	**17,855**	22,405
– Pension costs	**496**	739
– Share-based compensations	—	24
	19,576	24,448
Wages, salaries and bonus	**3,676,834**	3,144,957
Pension costs, excluding directors - retirement benefit schemes	**729,678**	591,222
Employees termination benefits	**358,248**	—
Share-based compensations, excluding directors	—	1,453
Total staff costs	**4,784,336**	3,762,080
Amortisation of prepaid lease payments	**66,718**	81,276
Amortisation of mining rights	**389,339**	312,433
Auditor's remuneration	**8,267**	6,898
Cost of inventories recognised as operating expenses	**34,215,674**	36,517,921
Depreciation of property, plant and equipment	**6,915,411**	5,789,430
Impairment loss on property, plant and equipment	**801,220**	324,226
Impairment loss on mining rights	**27,619**	—
Impairment loss on goodwill	**949,652**	274,000
Impairment loss on investment in associates	**46,723**	46,723
Impairment loss on inventories	**78,180**	—
Provision for doubtful accounts	**93,663**	34,762
Minimum lease payments under operating leases in respect of:		
– land and buildings	**68,498**	57,695
Fair value changes on financial assets at fair value through profit or loss (included in other gains)	**844**	(645)
Fair value changes on derivative financial instruments (included in other gains)	**1,524**	(38,054)

	2013 HK$'000	2012 HK$'000
and after crediting:		
CERs income	**4,041**	26,540
Dividend income from available-for-sale investments	**199,845**	158,256
Government grant	**356,758**	341,741
Interest income	**196,198**	230,072
Sales of scrap materials	**645,222**	345,271
Service income from heat connection contracts	**160,229**	153,692
Damages received from termination of contract	—	174,547
Net exchange gains/(losses) (included in other gains)	**893,411**	(4,344)
Net (losses)/gains on disposal of property, plant and equipment (included in other gains)	**(107,768)**	97,076
Net gains on disposal of prepaid lease payments	**8,163**	—
Expenses capitalised in construction in progress:		
Other staff cost	**691,922**	503,046
Pension costs	**12,278**	8,316
Depreciation and amortisation	**59,607**	33,701

Profit for the year attributable to owners of the Company

As a result of the above, the profit attributable to owners of the Company has increased from approximately HK$7,479 million in 2012 to HK$11,016 million in Year 2013, representing a 47.3% increase year-on-year.

Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013 HK$'000	2012 HK$'000
Profit attributable to owners of the Company	**11,015,526**	7,478,916

	Number of ordinary shares	
	2013	2012
Weighted average number of ordinary shares excluding own shares held for incentive plan for the purpose of basic earnings per share	**4,742,484,020**	4,715,737,893
Effect of dilutive potential ordinary shares:		
– share options	**20,840,404**	29,432,773
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,763,324,424**	4,745,170,666

	2013 HK$'000	2012 HK$'000
Basic earnings per share	**2.32**	1.59
Diluted earnings per share	**2.31**	1.58

Management's Discussion and Analysis

Final dividend and closure of register of members

The Board resolved to recommend a final dividend of HK$0.67 per share for Year 2013 (2012: HK$0.45 per share).

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year:		
2013 Interim, paid — HK$0.08 per share (2012: HK$0.06 per share)	**379,944**	283,166
2012 Final, paid — HK$0.45 per share (2011: HK$0.24 per share)	**2,134,940**	1,131,205
	2,514,884	1,414,371

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 10 June 2014 (the "AGM"), the proposed final dividend will be distributed on or about Friday, 27 June 2014 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 18 June 2014.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 5 June 2014 to Tuesday, 10 June 2014 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company s Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 4 June 2014.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2013, the register of members of the Company will be closed on Wednesday, 18 June 2014, during which no share transfer will be registered. To qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company s Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 17 June 2014.

Capital structure management

The Group and the Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes long-term bank borrowings, short-term bank and other borrowings, corporate bonds and loans from related parties, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors review the capital structure on a periodic basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations from the Directors, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the repayment of existing debts.

Liquidity and financial resources, borrowings, and charge of assets

The Group had net current liabilities of approximately HK$20,922 million as at 31 December 2013. The Directors are of the opinion that, taking into account the presently undrawn borrowing facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements for at least the next twelve months commencing from the date of the financial statements.

The cash and cash equivalents as at 31 December 2013 denominated in HKD, RMB and other foreign currencies amounted to approximately HK$596 million, RMB4,110 million and US$27 million.

The bank and other borrowings of the Group as at 31 December 2013 and 2012 were as follows:

	2013 **HK$'000**	2012 HK$'000
Secured bank loans	**5,525,013**	5,548,401
Unsecured bank loans	**64,612,881**	56,290,178
Corporate bonds and notes	**17,613,712**	18,428,456
Loans from related parties	**4,817,851**	3,114,919
	92,569,457	83,381,954

The maturity profile of the above bank and other borrowings is as follows:

	2013 **HK$'000**	2012 HK$'000
Within 1 year	**19,131,111**	23,505,568
Between 1 and 2 years	**19,234,939**	6,183,528
Between 2 and 5 years	**41,369,840**	34,143,493
Over 5 years	**12,833,567**	19,549,365
	92,569,457	83,381,954
The above secured bank and other borrowings are secured by:		
Pledge of assets (note)	**4,582,227**	5,986,147

Note: Certain bank loans were secured by the Group's prepaid lease payments, buildings, and power generating plant and equipment with carrying values of HK$40,942,000 (2012: HK$30,475,000), HK$971,465,000 (2012: HK$10,773,000) and HK$3,569,820,000 (2012: HK$5,944,899,000) respectively.

Management's Discussion and Analysis

The bank and other borrowings as at 31 December 2013 denominated in HKD, RMB and other foreign currencies amounted to HK$31,214 million, RMB43,198 million and US$824 million, respectively.

As at 31 December 2013, bank and other borrowings of approximately HK$31,214 million and US$824 million (2012: HK$21,830 million and US$820 million) bore interest at a range from HIBOR plus 0.87% to HIBOR plus 2.3% per annum and LIBOR plus 1.34% to LIBOR plus 2% per annum, respectively. The remaining bank and other borrowings and loans from related parties carried interest rates at a range from 2.85% to 6.55% (2012: 2.85% to 7.2%) per annum.

The Group uses interest rate swaps with net quarterly settlement to minimise its exposure to interest expenses of certain Hong Kong Dollar bank borrowings by swapping floating interest rates to fixed interest rates. As at 31 December 2013, loans of HK$8,002 million which were provided using floating rates were swapped to fixed interest rates at a range from 1.12% to 2.33% per annum.

As at 31 December 2013, the Group's ratio of net debt to shareholders' equity was 132.2%, with total debt to total capitalisation ratio of 52.2%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plan and operations.

In Year 2013, the Group's primary sources of funding included cash inflow from new bank loans, loans repaid from associates, cash from both the consolidation of CR Daning and the acquisition of Elite Wing Limited and net cash inflow from operating activities, which amounted to HK$40,459 million, HK$2,678 million, HK$5,007 million and HK$23,188 million, respectively. The Group's funds were primarily used for the repayment of short-term bank borrowings, acquisition of and deposits paid for property, plant and equipment and prepaid lease payments, dividend and interest payments, which amounted to HK$37,112 million, HK$23,258 million, HK$5,673 million and HK$4,073 million, respectively.

Trade receivables

	2013 HK$'000	2012 HK$'000
Account receivables	**9,888,095**	9,162,384
Note receivables	**2,324,761**	887,710
	12,212,856	10,050,094
Less: provision for impairment of trade receivables	**(87,037)**	(47,117)
	12,125,819	10,002,977

Trade receivables are generally due within 60 days from the date of billing.

The following is an aging analysis of trade receivables included in trade receivables, other receivables and prepayments at the end of the reporting period:

	2013 HK$'000	2012 HK$'000
0 - 30 days	**9,240,964**	7,933,241
31 - 60 days	**684,262**	505,681
Over 60 days	**2,287,630**	1,611,172
	12,212,856	10,050,094

Trade payables

The following is an aging analysis of trade payables included in trade payables, other payables and accruals at the end of the reporting period:

	2013 HK$'000	2012 HK$'000
0 - 30 days	**5,730,765**	5,539,284
31 - 90 days	**1,829,807**	1,476,954
Over 90 days	**2,878,940**	1,937,454
	10,439,512	8,953,692

Key financial ratios of the Group

	2013	2012
Current ratio (times)	**0.60**	0.56
Quick ratio (times)	**0.53**	0.50
Net debt to shareholders' equity (%)	**132.2**	145.7
EBITDA interest coverage (times)	**6.5**	4.5

Current ratio = balance of current assets at the end of the year/balance of current liabilities at the end of the year

Quick ratio = (balance of current assets at the end of the year - balance of inventories at the end of the year)/balance of current liabilities at the end of the year

Net debt to shareholders' equity = (balance of borrowings at the end of the year + balance of borrowings from related parties at the end of the year - balance of cash and cash equivalents at the end of the year - balance of pledged cash at the end of the year)/balance of equity attributable to owners of the Company at the end of the year

EBITDA interest coverage = (profit before taxation + interest expense + depreciation and amortisation)/interest expenditure (including capitalised interests)

Foreign exchange rate risk

We collect substantially all of our revenue in Renminbi ("RMB") and most of our expenditures including expenditures incurred in our operations as well as capital expenditures are also denominated in RMB. Dividends receivable from the Company's subsidiaries and associates can be collected in either RMB, US Dollar ("USD") or Hong Kong Dollar ("HKD").

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments, political changes and supply and demand of RMB. The appreciation or devaluation of RMB against HKD and USD may have positive or negative impact on the results of operations of the Group.

The majority of the Group's operations are in the PRC and transactions are mainly denominated in RMB which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain borrowings denominated in HKD and USD, particularly depreciation of the RMB against HKD and USD. The Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of the RMB against HKD and USD.

Management's Discussion and Analysis

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2013 (2012: Nil).

Employees

The Group had approximately 43,990 employees as at 31 December 2013 (2012: 38,118 employees).

The Company and its subsidiaries have concluded employment contracts with all of its respective employees. The compensation of employees mainly includes salaries and performance-based bonuses.

Medium to Long-term Performance Evaluation Incentive Plan

The Company has adopted the Medium to Long-term Performance Evaluation Incentive Plan (the "Plan"). The Plan aims to link the performance of employees and the management and the overall operating results and the accomplishment of strategic objectives of the Company to the income of employees and the management through medium and long term performance appraisals. The Plan was effective from 25 April 2008 and shall continue in full force and effect for a term of 10 years unless terminated at the discretion of the Board at an earlier date.

Corporate Governance Report

INTRODUCTION

China Resources Power Holdings Company Limited (the "Company" or "CR Power", and together with its subsidiaries and other controlled entities, the "Group") and the directors of the Company (the "Directors") are committed to maintaining high standards of corporate governance. To achieve maximization of shareholder value, employee value and Company value, the Directors and the senior management of the Company believe that a higher standard of corporate governance is crucial to the success of a company, and are committed to improving the overall standard of corporate governance with reference to international corporate governance practices. We acknowledge our responsibilities in establishing and maintaining a good and sound corporate governance structure and complying with the best corporate governance practices, in order to continuously improve our accountability and transparency and fully disclose our corporate governance principles and practices.

The Board has ultimate authority and oversight of the Group's operations and regards good corporate governance as a critical element in the drive to improve the Group's performance and achieve the Group's vision of being a world class energy provider and one of the most admired employers in China. We strive to improve the overall standard of corporate governance on a continuous basis and maintain high standards of safety, performance and governance in order to enable us to discharge our statutory and fiduciary duties while pursuing our business objectives.

In 2013, CR Power has applied all of the principles and complied with the code provisions set out in the Corporate Governance Code (the "Code") as contained in Appendix 14 of the HKEX Listing Rules, CR Power also adopted most of the recommended best practices in the Code.

The following summarizes the Company's corporate governance practices and explains the implementation of recommended best practices.

A.1 The Board

The Board is responsible for the optimization of the Company's corporate governance, and is ultimately accountable for the Company's strategic planning, operating activities and operating results.

The responsibilities of the Board include (but are not limited to) the following:

(1) to determine the strategies, objectives, policies, and business plans of the Company and supervise the execution of the Company's strategies;

(2) to supervise and control the operating and financial performance of the Company, and set appropriate risk control policies and procedures to ensure that the strategic objectives of the Company are fully implemented;

(3) to monitor the performance and set appropriate remuneration of members of senior management; and

(4) to perfect the corporate governance structure in order to enhance communication with shareholders.

The Company has in place internal guidelines setting forth matters that require the Board's approval.

In the period under review, the Company strictly complied with the Code principle and Code provisions A.1.1 to A.1.8, as described as follows:

A.1.1 The Board met six times in the period under review. Each meeting involved the active participation in person of a majority of Directors entitled to be present. Other Directors actively participated in the meetings through conference call.

Pursuant to code provision A.1.1 of the Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals. During the year, the Board held a total of six Board meetings.

In the period under review, Ms. Zhou Junqing, Mr. Wang Yu Jun, Mr. Zhang Shen Wen, Ms. Wang Xiao Bin, Mr. Du Wen Min, Mr. Wei Bin, Mr. Huang Daoguo, Mr. Chen Ying, Mr. Anthony H. Adams, Mr. Chen Ji Min, Mr. Andrew Ma Chiu Cheung, Ms. Elsie Leung Oi-Sie and Dr. Raymond Ch'ien Kuo-Fung were Directors throughout the year.

In 2013, no changes in directorship were announced during the year.

The above Directors' attendance at the meetings of the Board and general meetings during the year is as follows:

	Number of board meetings attended	Attendance rate of board meetings during the office of directorship	Attendance of AGM	Attendance of EGM on 22 July 2013
Executive Directors				
Zhou Junqing	5/6	83%	√	√
Wang Yu Jun	5/6	83%	√	√
Zhang Shen Wen	6/6	100%	√	√
Wang Xiao Bin	6/6	100%	√	√
Non-executive Directors				
Du Wen Min	1/6	17%	—	—
Wei Bin	1/6	17%	—	—
Huang Daoguo	2/6	33%	—	—
Chen Ying	2/6	33%	—	—
Independent Non-executive Directors				
Anthony H. Adams	5/6	83%	√	—
Chen Ji Min	5/6	83%	—	—
Andrew Ma Chiu Cheung	6/6	100%	√	—
Elsie Leung Oi-Sie	4/6	67%	√	√
Raymond Ch'ien Kuo-Fung	3/6	50%	—	—

A.1.2 In the period under review, arrangements were in place to ensure that all Directors were given an opportunity to include matters in the agenda for regular Board meetings. The Board was supported by four committees to ensure that it was well equipped to discharge its responsibilities and to assist the Board in carrying out its responsibilities: the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee. Each committee has its own terms of reference. The Chairperson of respective committees reported to the Board regularly and made recommendations on matters discussed when appropriate. Members of senior management may attend committee meetings upon invitation from the relevant Chairperson.

A.1.3 In the period under review, notice of at least 14 days was given of a regular Board meeting, giving all Directors an opportunity to attend. For all other Board meetings, reasonable notice was given.

A.1.4 Minutes of Board meetings and meetings of Board Committees were kept by the Company Secretary and were arranged to be reviewed by the Directors present at the meetings before signing by the Chairperson of the respective meetings. Such minutes will be made available by the Company for inspection at any reasonable time on reasonable notice by any Director when he/she deems necessary.

A.1.5 Minutes of Board meetings and meetings of Board Committees recorded in detail the matters considered by the Board and decisions reached. Draft and final versions of minutes of Board meetings and meetings of Board Committees were sent to all Directors for their comments within a reasonable time after the Board or Committee meetings were held.

A.1.6 The Company has policies and procedures in place to ensure that Directors may seek professional advice from independent third parties when the Directors deem necessary at the Company's expense in order to assist Directors to discharge their duties to the Company.

A.1.7 Physical board meetings, as opposed to written resolutions, were held to consider matters in which a substantial shareholder or director had a conflict of interest which the board determined to be material. At these physical board meetings, independent non-executive directors who, and whose associates, had no material interest in the transaction were present.

A.1.8 The Company has arranged corporate liability insurance coverage in respect of legal actions against its Directors.

The Board Committees have adopted, so far as practicable, the principles, procedures and arrangements set out in A.1.1 to A.1.8 in the Code, where applicable.

A.2 The Chairman and the President

The role of the Chairman and the President are separate to ensure a balance of power and authority. The Chairman's primary responsibilities include deciding on the meeting schedule and agenda, formulating Board policies, ensuring Board effectiveness, promoting the Company and maintaining the Company's corporate governance. The President has delegated authority from, and is responsible to, the Board for managing the Group's business, including the implementation of the strategies and initiatives adopted by the Board.

In the period under review, the Company strictly complied with the Code principle and Code provisions A.2.1 to A.2.9 as described as follows:

A.2.1 The roles of the Chairman and the President of the Company are separate and are currently assumed by Ms. Zhou Junqing and Mr. Wang Yu Jun, respectively. The division of responsibilities between the Chairman and the President has been clearly established and set out in writing.

Corporate Governance Report

Ms. Zhou Junqing, the Chairman of the Board is responsible for providing leadership for the Board. Her duties are mainly to ensure the effective operation of the Board, and the establishment of and compliance with the corporate governance practices and procedures. The Chairman is also responsible for ensuring that appropriate procedures are adopted to guarantee effective communications with shareholders, and that the shareholders' opinions are circulated among all Board members.

Mr. Wang Yu Jun, the President of the Company is responsible for managing the Company's business and coordinating overall business operations, implementing major strategies approved by the Board and making day-to- day operation decisions.

None of the members of the Board has any connections (including financial, business, family relationship and other material/related relationships) with each other (including between the Chairman and the President).

A.2.2 The Chairman ensured that all Directors were properly briefed on issues arising at Board meetings with the help of other Executive Directors.

A.2.3 The Chairman ensured that all Directors who were present at the Board meetings received in a timely manner adequate information, prior to the meeting with the help of other Executive Directors.

A.2.4 One of the Chairman's responsibilities is to provide leadership for the Board. The Chairman ensured that the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. The Chairman, with the help of other Executive Directors and Company Secretary, is primarily responsible for drawing up and approving the agenda for each Board meeting taking into account, where appropriate, any matters proposed by the other Directors for inclusion in the agenda.

A.2.5 The Chairman takes primary responsibility for ensuring that good corporate governance practices and procedures are established.

A.2.6 The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interest of the Company. The Chairman also encourages Directors with different views to voice their concerns, allows sufficient time for discussion of issues and ensures that Board decisions fairly reflect Board consensus.

A.2.7 The Chairman, Ms. Zhou Junqing held a meeting with the Independent Non-executive Directors on 19 August 2013 without the presence of other Executive Directors, to discuss matters concerning internal control, business environment and other concerns.

A.2.8 The Chairman ensures that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole.

A.2.9 The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-executive Directors and ensures constructive relations between Executive and Non-executive Directors. In September 2013, the Independent Non-executive Directors were invited to visit our wind farms located in Dunhuang, Gansu province and met with the local management team. This enabled the Independent Non-executive Directors to gain first hand understanding of the industry and business operations of the Company in order to enable them to discharge their duties and responsibilities to the Company and shareholders as a whole.

A.3 Board Composition

The Board's composition is determined in accordance with the following principles, the Company's Articles of Association and relevant governance requirements:

- the Company should appoint at least three Independent Non-Executive Directors and maintain Independent Non-executive Directors representing at least one third of the Board;
- the role of Chairman and President must be held by separate persons;
- the Board should comprise of Directors with an appropriate range and mix of skills, experience, expertise and diversity;
- the performance of the Board and its members should be reviewed annually and objectively; and
- all Directors must submit themselves for re-election at regular intervals.

As at the date of this report, the Board consists of 13 Directors, 4 of whom are Executive Directors, 4 are Non-executive Directors and 5 are Independent Non-executive Directors. The number of Independent Non-executive Directors complied with the requirement of Rule 3.10 and Rule 3.10A of the Listing Rules. The list of Directors and their biographies are set out in the Directors and Senior Management Section on page 14 to page 26 of this Annual Report, and are available on the Company's website.

Set out below are details of the composition of the Board and its Committees as at the date of this report:

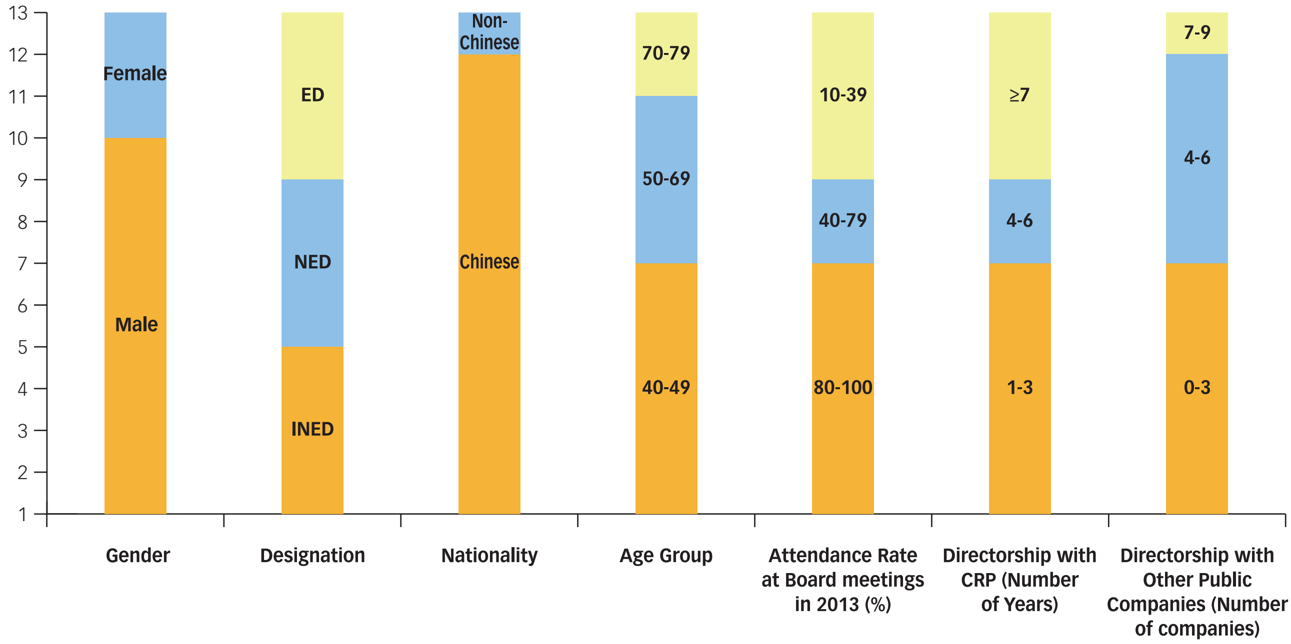
Director	Board Designation	Committee Membership			
		Sustainability	Audit and Risk	Remuneration	Nomination
Zhou Junqing	E, Chairman	√			Chairman
Wang Yu Jun	E				
Zhang Shen Wen	E				
Wang Xiao Bin	E				
Du Wen Min	NE			√	√
Wei Bin	NE				
Huang Daoguo	NE		√		
Chen Ying	NE				
Anthony H. Adams	INED	Chairman	√	√	
Chen Ji Min	INED		√		√
Andrew Ma Chiu Cheung	INED	√	Chairman	√	
Elsie Leung Oi-Sie	INED		√	Chairman	√
Raymond Ch'ien Kuo-Fung	INED	√		√	√

Note:

E: Executive Director
NE: Non-executive Director
INED: Independent Non-executive Director

Board Composition

Numbers of Directors



In the period under review, the Company strictly complied with the above principles and Code provisions A.3.1 and A.3.2 as described as follows:

A.3.1 The Independent Non-executive Directors accounted for more than one-third of the members of the Board and were expressly identified in all corporate communications that disclosed the names of Directors of the Company.

A.3.2 The Company posts the names and biographical details of the Board members on its website (www.cr-power.com), with their designations in the Board clearly stated.

A.4 Appointment, Re-election and Removal of Directors

The Board's Nomination Committee sets and reviews the criteria for new Director appointments having regard to the overall composition of the Board.

The Board seeks to ensure that its membership is such that each Director:

- ➢ is a person of integrity;
- ➢ has sufficient time available and abilities to perform his or her role effectively;
- ➢ brings an independent and questioning mind to his or her role which enables him or her to exercise sound judgment;
- ➢ enhances the breadth and depth of skills and knowledge of the Board as a whole; and
- ➢ enhances the experience and diversity of the Board as a whole.

The service term of every Director is 3 years. Retiring Directors are eligible for re-election. The staggered structure enables the Board to change its composition in an orderly manner over time while maintaining leadership, stability and continuity, and allows for regular evaluation of the mix of skills and experience, as required.

In the period under review, the Company strictly complied with the above principle and Code provisions A.4.1 to A.4.3 as described as follows:

A.4.1 Each Non-executive Director (including Independent Non-executive Directors) receives a letter formalizing his or her appointment and that letter outlines the key terms and conditions of the appointment. All Directors are subject to regular re-election.

In accordance with Article 120 of the Company's Articles of Association, one-third of the Directors, including Executive Directors, Non-executive Directors as well as Independent Non-executive Directors, shall retire by rotation at each AGM of the Company, provided that every Director shall be subject to retirement by rotation at least every three years and a retiring director shall be eligible for re-election. Pursuant to Article 120 of the Articles of Association, Mr. Wang Yu Jun, Mr. Du Wen Min, Mr.Wei Bin, Mr. Chen Ji Min and Mr. Andrew Ma Chiu Cheung, retired from office by rotation and were re-elected at the AGM on 7 June 2013.

A.4.2 In accordance with the Company's Articles of Association, all new Directors appointed to fill a casual vacancy or being a new member of the Board of Directors shall be subject to re-election by shareholders at the next general meeting after their appointment (in the case of filling casual vacancy) or next AGM (in the case of addition to the Board). Pursuant to Article 98 of the Articles of Association, Mr. Huang Daoguo and Mr. Chen Ying who were appointed on 9 June 2012, retired from office and were re-elected at the AGM on 7 June 2013.

A.4.3 Apart from Mr. Anthony H. Adams, who has served as an Independent Non-executive Director for more than 9 years and re-elected in the 2011 AGM on 8 June 2012, no other Independent Non-executive Director currently has served more than 9 years. If an Independent Non-executive Director serves more than 9 years, any further appointment of such Independent Non-executive Director will be subject to a separate resolution to be approved by shareholders.

A.5 Nomination Committee

In the period under review, the Company strictly complied with Code provisions A.5.1 to A.5.6 as described as follows:

A.5.1 The Company has established a Nomination Committee which is comprised of 5 members, including 3 Independent Non-executive Directors, 1 Executive Director and 1 Non-executive Director. During 2013, the Nomination Committee met once to review, discuss and consider the role, responsibility and functions of the Committee. Ms. Zhou Junqing, Mr. Du Wen Min and Dr. Raymond Ch'ien Kuo-Fung attended the meeting.

A.5.2 Nomination Committee's major responsibilities are to formulate and implement the policy for nominating candidates for re-election by Shareholders, and to assess the independence of Independent Non-executive Directors based on the criteria such as reputation for integrity, accomplishment and experience, professional and educational background, and potential time commitments. The terms of reference of the Nomination Committee (formulated by the Company and adopted by the Board) have incorporated the specific duties set out in the Code provision.

Corporate Governance Report

A.5.3 The Nomination Committee's terms of reference are available on the Company's website.

A.5.4 The Company ensures that the Nomination Committee is provided with sufficient resources to discharge its duties.

Where necessary, the Nomination Committee may seek independent professional advice at the Company's expense, to perform its responsibility.

A.5.5 If the Board proposes a resolution to elect an individual as an Independent Non-executive Director at the general meeting, it will set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Company believes the individual should be elected and the reasons why it considers the individual to be independent.

A.5.6 The Company has established a policy concerning diversity of board members which is available on the Company's website. The Company aims to set out the approach to achieving diversity on the Board by endorsing the principle that the Board should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business. We welcome into our Company a very diverse population of people that reflects the range of cultures and background spanned by our operations. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will consider and if appropriate, set measurable objectives to implement the policy and review such objectives to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the policy, from time to time, to ensure its continued effectiveness.

A.6 Responsibilities of Directors

The Board plays a central supporting and supervisory role in the Company's corporate governance structure, provides leadership and guidance to the Group's activities and oversees the work of the management and its execution of the Company's business strategies.

In the period under review, the Company strictly complied with the above principle and Code provisions A.6.1 to A.6.8 as described as follows:

A.6.1 Every newly appointed Director will receive a formal and tailored induction on the first occasion of his/her appointment in order to ensure that he/she has a proper understanding of the operations and business of the Company and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements, and the Company's business and governance policies. During the year, no new director was appointed.

A.6.2 The Non-executive Directors actively participated in Board meetings of the Company and the Company's Audit and Risk Committee, Remuneration Committee, Nomination Committee and Sustainability Committee comprise a majority of Independent Non-executive Directors. The Directors were encouraged to participate in continuous professional development program at the Company's expense to remain abreast of developments impacting the business. The roles of the Non-executive Directors also include providing their independent views to Executive Directors on business proposals and strategies and supporting the implementation of these strategies. They also scrutinise and monitor senior management's performance in meeting goals and objectives. The Independent Non-executive Directors were also invited to visit the Group's operations in different locations to broaden their knowledge of the Group's business.

A.6.3 Directors' attendance of Board meetings and Committee meetings is set out on pages 62 of this annual report. Each Executive Director and Non-executive Director (including Independent Non-executive Director) ensured that he/she gave sufficient time and attention to the affairs of the Company.

A.6.4 The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with their obligations regarding dealings in securities of the Company under the Model Code throughout the year ended 31 December 2013.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

A.6.5 The Company's Executive and Non-executive Directors (including Independent Non-executive Directors) participated in various development programs to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant. Directors are encouraged to participate in professional training programs and the Company will organize and fund such training programs.

For the year ended 31 December 2013, Directors participated in training programs regarding Directors' responsibilities and duties and visited the Company's operations. Attendance record is as follows:

	Directors' training on recent developments of the Hong Kong Listing Rules, Corporate Governance and Directors' Responsibilities	**Physical Site Visits to Coal-Fired Power Plants, Coal Mines or Wind Farms**
Zhou Junqing	√	√
Wang Yu Jun	√	√
Zhang Shen Wen	√	√
Wang Xiao Bin	√	√
Du Wen Min	√	√
Wei Bin	√	√
Huang Daoguo	√	√
Chen Ying	√	√
Anthony H. Adams	√	√
Chen Ji Min	√	√
Andrew Ma Chiu Cheung	√	√
Elsie Leung Oi-Sie	√	√
Raymond Chi'en Kuo-Fung	√	—

A.6.6 Each Director has disclosed to the Company at the time of his or her appointment, and on a periodic basis, the number and nature of offices held in public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved.

A.6.7 Independent Non-executive Directors and other Non-executive Directors actively participated in Board meetings and Committee meetings. In order to develop a balanced understanding of the views of Shareholders, a number of Executive Directors participated in roadshows and investor forums to meet with institutional investors during the year. As laid out in the attendance table in A.1.1 on page 62 of this Annual Report, a number of Executive and Independent Non-executive Directors attended the AGM held on 7 June 2013 and the EGM on 22 July 2013. Due to other business engagements, the other Directors were unable to attend the AGM or EGM. All Directors are encouraged to attend general meetings in the future to enhance communication with Shareholders. For the Company's report on communication with Shareholders, please refer to page 79 of the annual report.

A.6.8 Independent Non-executive Directors and other Non-executive Directors actively participated in Board meetings and Committee meetings and made a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

A.7 Supply and Access to Information

In the period under review, the Company strictly complied with Code provisions A.7.1 to A.7.3 as described as follows:

A.7.1 In respect of regular Board meetings and Committee meetings, the Company's policy is to provide a 14-day notice prior to the meeting setting out the intended agenda. As much as practicable, an agenda and accompanying board papers are delivered in full to all Directors at least three days before the intended date of a Board or Board Committee meeting.

A.7.2 To enable Directors to make decisions based upon the related data on hand, the management is required to provide adequate, complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. The Company supplied Directors with monthly management reports to keep Board members informed of the latest development and performance of the Company. The Board and Directors also have separate and independent access to the Company's senior management.

A.7.3 All Directors are entitled to have access to board papers and related materials.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION

B.1 The level and make-up of remuneration and disclosure

In the period under review, the Company strictly complied with the Code provisions B.1.1 to B.1.5 and the recommended best practices B.1.6 to B.1.9 except for B.1.8 as described as follows:

The Board has established a Remuneration Committee. The primary functions of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration packages of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements. As at the date of this report, members of the Remuneration Committee include Ms. Elsie Leung Oi-Sie, Mr. Anthony H. Adams, Mr. Andrew Ma Chiu Cheung, Dr. Raymond Ch'ien Kuo-Fung and Mr. Du Wen Min. Ms. Elsie Leung Oi-Sie is the Chairman of the Remuneration Committee. All five members of the Remuneration Committee are Non-executive Directors with four being Independent Non-executive Directors.

In 2013, the Remuneration Committee held one meeting to review, discuss and consider the role, responsibility and functions of the Committee. Mr. Andrew Ma Chiu Cheung, Mr. Du Wen Min and Dr. Raymond Ch'ien Kuo-Fung attended the meeting.

B.1.1 The Remuneration Committee had consulted the Chairman and/or President about their proposals relating to the remuneration of other Executive Directors. The Company has a policy that the Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company.

B.1.2 The terms of reference of the Remuneration Committee (formulated by the Company and adopted by the Board) have incorporated the specific duties set out in the code provision of the Code.

The Remuneration Committee makes recommendations to the Board on the remuneration packages of individual Executive Directors and senior management.

B.1.3 The terms of reference of the Remuneration Committee are set out in the Company's website: www.cr-power.com.

B.1.4 The Remuneration Committee was provided with sufficient resources to discharge its duties. The Remuneration Committee may seek professional advice from independent third parties if it thinks necessary at the expense of the Company in order to enable it to properly discharge its duties and responsibilities.

B.1.5 The Company has disclosed details of the remuneration paid to members of Directors and senior management by band on page 188 of this Annual Report.

B.1.6 The Board has no disagreement with the Remuneration Committee on remuneration or compensation arrangements with regards to Executive Directors and senior management.

B.1.7 A significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance. The Company sets its strategic and performance targets on an annual and three year rolling forward basis. Based on the Company's overall performance targets, the Company assigns responsibilities and sets performance benchmarks and evaluation methods for each Executive Director, members of the senior management team and other managerial staff. The total remuneration of Executive Directors and senior management comprises three key components, namely basic salary, annual bonus and the Medium to Long-term Performance Evaluation Incentive Plan. The actual performance of the Company and each Executive Director and senior management team members' own performance against performance targets determine the component paid under the annual bonus and Medium to Long-term Performance Evaluation Incentive Plan. Please refer to Note 37 under the section "Notes to the Financial Statements" in this Annual Report on page 188 for details on Directors' remuneration.

B.1.8 The Company has not disclosed details of any remuneration paid to members of senior management on an individual and named basis in the annual report and accounts which represents a deviation of the recommended best practices. The Company believes that disclosure of individual senior management's remuneration does not benefit Shareholders and have disclosed Directors' remuneration and that of the five highest paid individuals. Shareholders are mostly concerned with the total amount of remuneration, rather than on an individual basis.

B.1.9 Evaluation and performance reviews are conducted by the Directors on a regular basis. A Board evaluation took place during the year. This evaluation was conducted in the form of a detailed questionnaire completed by each Director, followed by consideration by the Board of the aggregated responses. Each Committee of the Board was also evaluated during the year using a similar process. Committee members completed a detailed questionnaire and the aggregated responses were considered and discussed by the Board.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial Reporting

The Board is responsible for presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. It is also the Board's responsibility to oversee the preparation of the annual accounts which give a true and fair view of the Group's state of affairs, results and cash flows for the year.

In the period under review, the Company strictly complied with the above principle and Code provisions C.1.1 to C.1.5 as described as follows:

C.1.1 Directors were provided by the management with financial information and the related information of the Company enabling them to make an informed assessment before the publication of the interim results and the annual results, respectively.

C.1.2 To enable Directors to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules, the management is required to provide adequate, complete and reliable information and provide briefing to the Board in respect of the matters and issues under consideration. The Company supplied Directors with monthly management reports to keep Board members informed of the latest development and performance of the Company.

C.1.3 The Directors acknowledge that they are responsible for overseeing the preparation of financial statements of each financial period, which gives a true and fair view of the operating results and financial conditions of the Company. More information about the external auditor's responsibilities is set out in the Independent Auditor's Report on pages 80 to 81 of this Annual Report. In preparing the financial reports for the year ended 31 December 2013, the Directors have selected appropriate accounting policies and applied them consistently; made judgments and estimates that are prudent and reasonable, and prepared accounts on an ongoing basis. The Company does not foresee any uncertainties in its ability to continue as a going concern.

C.1.4 The Chairman's Statement of the Annual Report on pages 8 to 13 provides a summary of the Company's performance and future prospects on how the Company will preserve value over the longer term and our strategies for delivering the Company's objectives.

C.1.5 The Directors acknowledge that their responsibility to present a balanced, clear and understandable assessment extend to annual and interim reports, and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

The Company has not resolved to announce and publish financial results on a quarterly basis and has not adopted recommended best practices C.1.6 and C.1.7.

C.2 Internal Controls

The Board has the overall responsibility to maintain sound and effective internal controls for the Group and to review their effectiveness to safeguard Shareholders' investment and the Group's assets. To this end, an internal control and risk management system has been established to provide reasonable, though not absolute, assurance against material misstatement or loss, and manage or mitigate rather than eliminate risks of failure to achieve business objectives.

In the period under review, the Company strictly complied with the above principle and Code provisions C.2.1 to C.2.2 and recommended best practices C.2.3 to C.2.6 as described as follows:

C.2.1 The Company's target is to establish an efficient and effective internal control system which comprises the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

The Company believes that the control environment sets the tone of an organization and provides a foundation of all other components of internal control. It includes integrity, business ethics, management's philosophy and operating style, the way management assigns authority and responsibility, and attention and direction provided by the Board, all of which form and create a control environment.

The Company emphasizes on professional integrity and high business ethics. It creates handbooks and manuals for management and staff, explaining our fundamental value and corporate culture, which is based on honesty and integrity and focuses on value creation.

The Company and its subsidiaries provide regular training to its management and staff. The training sessions not only cover the technical and operational aspects of our businesses, but also on business ethics and corporate value.

The Company has created a Code for Managers that sets out the respective responsibilities and rights and reporting procedures of the management team, mainly for the general managers, deputy general managers and chief financial officers of every project, requiring managers to perform their duties with integrity to effectively safeguard the rights and interests of the shareholders, the Company and its staff and the society, so as to achieve the mission of maximization of shareholder value and staff value. The Company has also laid out an evaluation and remuneration policy which encourages our management team to focus on return and value creation for shareholders.

The Company has an internal audit department that is independent of the activities it audits, which is responsible for the monitoring of the Company's internal control. The internal audit team is led by the Company's Chief Audit Officer. The internal auditors have unrestricted access and authority to review the information on the business and internal control matters of the Company. The Chief Audit Officer reports directly to the Chairman of the Audit and Risk Committee and administratively to the President. The internal auditors can employ outside resources when necessary. During 2013, the internal audit department completed internal audits and follow-up audits on a number of subsidiaries and branches of the Company, and presented their findings and recommendations to the Audit and Risk Committee and the Board.

The Directors have reviewed the effectiveness of the system of internal controls (including financial, operational and compliance controls and risk management functions) of the Company and its subsidiaries. The Directors believe that in order to manage the risk of failure in achieving the Company's goals and objectives to an ultimate extent, the Company should improve continuously its internal control system.

C.2.2 On 10 March 2014, the Audit and Risk Committee reviewed the adequacy of resources, staff qualifications and experience of the Company's internal audit function, the risk identification and mitigation systems and measures of the Company and believes that as the Group expands rapidly in China, the Group will monitor on an ongoing basis its total resources in the accounting and financial reporting function, and continue to increase its investment and budgets for staff recruitment and training and information technology system.

In the annual assessment of the effectiveness and adequacy of the internal controls, the Company takes into consideration the recommended best practices contained in C.2.3 to C.2.6.

Corporate Governance Report

C.3 Audit and Risk Committee

In the period under review, the Company strictly complied with the Code provisions C.3.1 to C.3.7 and recommended best practice C.3.8 as described as follows:

C.3.1 Full minutes of the Audit and Risk Committee meetings were kept by a duly appointed secretary of the meeting. Minutes of the Audit and Risk Committee meetings were sent to all committee members for their comment and records within a reasonable time after the meeting.

C.3.2 The Company's Audit and Risk Committee comprises four Independent Non-executive Directors and one Non-executive Director and none of them was a former partner of the Company's existing auditing firm, namely Mr. Andrew Ma Chiu Cheung, Mr. Anthony H. Adams, Mr. Chen Ji Min and Ms. Elsie Leung Oi-Sie and Mr. Huang Daoguo with its terms of reference adopted by the Board. Mr. Andrew Ma Chiu Cheung is the Chairman of the Committee. Mr. Andrew Ma Chiu Cheung is a Certified Public Accountant in Hong Kong, and a fellow member of the Institute of Chartered Accountants in England & Wales, Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong and The Hong Kong Institute of Directors.

C.3.3 The main duties of the Audit and Risk Committee include the following:

- To investigate any activity within its terms of reference with full access to all books, records, facilities and personnel. It is authorised to seek information it requires from any employee and all employees are required to co-operate with any request made by the Audit and Risk Committee;

- To obtain independent legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary to carry out its duties;

- To be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

The above Directors' attendance at the meetings of the Committee is as follows:

Audit and Risk Committee	Number of meetings attended/Number of meetings held during office of directorship	Attendance rate of meetings during the office of directorship
Andrew Ma Chiu Cheung (Chairman)	4/4	100%
Anthony H. Adams	4/4	100%
Elsie Leung Oi-Sie	4/4	100%
Chen Ji Min	4/4	100%
Huang Daoguo	0/4	0%

The terms of reference of the Audit and Risk Committee have incorporated all the duties set out in the Code provision.

For the period from 1 January 2013 to the date of this report, the Audit and Risk Committee has performed its duties, including reviewing the Company's interim and annual results, financial controls and internal control, the internal control report prepared by the Company's internal audit department and the statement relating to internal control system as set out in the corporate governance report. On 10 March 2014, the Audit and Risk Committee reviewed the financial statements of the Company for the year ended 31 December 2013, including the major accounting issues raised by external auditors.

C.3.4 The terms of reference of the Audit and Risk Committee are available on the Company's website (www. cr-power. com).

C.3.5 In 2013, there was no disagreement between the Board and Audit and Risk Committee on the selection and appointment of the internal and external auditors, fees and terms of engagement of auditors and proposal in relation to the appointment of auditors. The Audit and Risk Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. Prior to the commencement of the audit of the Group's 2013 accounts, the Audit and Risk Committee received written confirmation from the external auditor on its independence and objectivity. The external auditor is refrained from engaging in non-audit services except for limited tax-related services or specific approved items. The Audit and Risk Committee reviews the external auditor's statutory audit scope and non-audit services and approves its fees.

	2013 **HKD'000**	2012 HKD'000
Audit services	**8,267**	6,898
Non-audit services	**101**	101
Total	**8,368**	6,999

C.3.6 The Audit and Risk Committee was provided with sufficient resources to discharge its duties in 2013.

C.3.7 The terms of reference of the Audit and Risk Committee have incorporated all the duties contained in this Code provision.

C.3.8 The Audit and Risk Committee has established a whistleblowing policy and system as a means of raising concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company. The contents of the whistleblowing policy are available on the Company's website (www.cr-power.com).

D. DELEGATION BY THE BOARD

D.1 Management functions

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.1.1 to D.1.4 as described below:

D.1.1& D.1.2 The Board is mainly responsible for formulating and approving the business strategies, objectives, policies and plans of the Company, and monitoring the execution of the Company's strategies. It is also responsible for overseeing the operating and financial performance of the Company and establishing appropriate risk control policies and procedures in order to ensure that the strategic objectives of the Company are materialized. In addition, the Board is also responsible for improving the corporate governance structure and enhancing communications with Shareholders.

The Board has delegated the responsibilities of the execution of strategies and decision making for day-to- day operation of the Company to the management team headed by the President. The management reports regularly to the Board on the operating and financial performance of the Company.

D.1.3 The responsibilities of the Board and the management are contained in the Board Charter which is available on the Company's website (www.cr-power.com).

D.1.4 The Company has formal letter of appointment for all Directors setting out the key terms and conditions relative to their appointment.

D.2 Board committees

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.2.1 to D.2.2 as described below:

D.2.1& D.2.2 The Company has established written terms of reference for the Committees (namely, Audit and Risk, Nomination, Remuneration and Sustainability Committees) of the Board. Details on the duties and terms of reference of the Board Committees are available on the Company's website (www.cr-power.com).

The terms of reference of each Board Committee requires it to report back to the Board on its decisions and recommendations.

In addition to the Nomination, Remuneration and Audit and Risk Committee meetings held as mentioned on pages 67 and 74, the Sustainability Committee also held one meeting to review, discuss and consider the role, responsibility and functions of the Committee. Ms. Zhou Junqing, Mr. Andrew Ma Chiu Cheung and Dr. Raymond Ch'ien Kuo-Fung attended the meeting.

D.3 Corporate Governance Functions

In the period under review, the Company strictly complied with the principle set out in the Code and Code provisions D.3.1 to D.3.2 as described below:

D.3.1& D.3.2 The Company's terms of reference for the Committees (namely, Audit and Risk, Nomination, Remuneration and Sustainability Committees) of the Board includes the duties as specified in the Code.

E. COMMUNICATION WITH SHAREHOLDERS

E.1 Effective communication

In the period under review, the Company strictly complied with the Code provision E.1.1 to E.1.4 as described below:

E.1.1 In respect of each substantially separate issue at a general meeting, a separate resolution was proposed by the Chairman of the meeting, including the re-election of individual Directors. The poll voting results of the meetings are available on the Company's website.

Matters resolved at the 2013 AGM

- Received the audited financial statements for the year ended 31 December 2012 together with the Reports of the Directors and the Auditor

- Approved payment of the final dividend of HK$0.45 per share for the year ended 31 December 2012

- Re-elected Mr. Wang Yu Jun, Mr. Du Wen Min, Mr. Wei Bin, Mr. Chen Ji Min, Mr. Andrew Ma Chiu Cheung, Mr. Huang Daoguo and Mr. Chen Ying as Directors, and authorized the Board of Directors to fix the remuneration of the Directors for the year ending 31 December 2013

- Appointed PwC as Auditor of the Company and authorized the Board to fix the Auditor's remuneration

- Granted a general mandate to the Board for the share repurchase of an amount not exceeding 10% of the aggregate nominal amount of the Company's issued share capital as at the date of 2013 AGM

- Granted a general mandate to the Directors to issue new shares of the Company not exceeding 20% of the issued share capital as at the date of 2013 AGM

- Approved to extend the general mandate granted to the Directors to issue new shares of the Company by addition thereto of the shares repurchased by the Company

E.1.2 The general meeting is the ideal venue for the interchange of ideas between the Board, the management and Shareholders. We therefore encourage Shareholders to attend our AGM to discuss matters of business substance with the Board and management and to give us valuable advice on both operational and governance matters. At the AGM held on 7 June 2013 at 10:00 am, there were a total of 46 individual Shareholders, authorized representatives of corporate Shareholders as well as proxies participated and the number of shares voted represented 83.7% of the total number of the Company's issued shares.

As laid out in the attendance table in A.1.1 on page 62 of this Annual Report, a number of Executive and Independent Non-executive Directors attended the AGM on 7 June 2013 and the EGM on 22 July 2013. The Directors and management of the Company took the opportunity to communicate with the Shareholders present, and answered their queries with respect to the Company's operations and industries. The representative of the external auditor attended the AGM and was available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition, the Company, the Board and management highly value the opinions and requirements of our Shareholders. The Company communicates with Shareholders through various channels including publication of interim and annual reports, press releases and announcements of the latest business development, operating results and financing, etc. of the Company on its corporate website in a timely manner. Shareholders may also access the latest information released by the Company electronically.

Corporate Governance Report

E.1.3 The notices to Shareholders were sent at least 20 clear business days before the AGM and at least 10 clear business days before the EGM.

E.1.4 An Investor Relations team has been designated to maintain purposeful dialogue and ongoing relationships with investors and analysts. We strive to provide quality information to Shareholders as well as our many stakeholders regarding the latest developments at the Company whilst ensuring that relevant information is equally and simultaneously provided and accessible to all interested parties. The Company has established a shareholder's communication policy which is available on the Company's website.

Convening Extraordinary General Meeting

Pursuant to section 566 of the new Companies Ordinance (Chapter 622 of Laws of Hong Kong), members of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings may request the directors to call a general meeting. The request must state the general nature of business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may consist of several documents in like form and may be sent to the Company in hard copy form or in electronic form and must be authenticated by the person(s) making it.

Putting Forward Proposals at General Meetings

Pursuant to section 615 of the new Companies Ordinance (Chapter 622 of Laws of Hong Kong), the members of the Company may request the Company to give, to members of the Company entitled to receive notice of the annual general meeting, notice of a resolution that may properly be moved and is intended to be moved at that meeting. The request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given, authenticated by the person or persons making it and received by the Company not later than 6 weeks before the annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

The Company will give notice of a resolution if it has received the requests from (a) members representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least 50 members who have a relevant right to vote.

Procedure for Shareholders to propose a person for election as Director

The procedures for Shareholders to propose a person for election as Director is available on the website of the Company.

The Board always welcomes Shareholders' views and input. Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Investor Relations Department of the Company by letter, telephone, fax or email. Details of the contact information can be found at page 206 of this Annual Report.

E.2 Voting by Poll

In the period under review, the Company strictly complied with the Code principle and Code provision E.2.1. The Chairman explained the detailed procedures for conducting a poll at the AGM and the EGM in 2013.

Investor Relations Activities

The Company also enhances communication with Shareholders through various investor relations activities. Details of major investor relations activities in 2013 are set out below.

We consistently pay close attention to investor relations activities and always believe that maintaining communications with the shareholders and provision of timely and accurate information are critical in creating shareholder value. During the meetings with investors, we explain not only the development and trend of the power industry and related industries and update Shareholders on our operational conditions, strategic planning and future outlook, we also place great emphasis on listening to investors' feedback, concerns and expectations so as to improve our management and operations.

In order to enhance the understanding of investors towards our business operations, we also arranged site visits to power plants, wind farms and coal mines for fund managers and securities analysts upon request. These activities enabled our investors to have the opportunity of site visit and direct contact with front-line managers and staff, thereby having a better understanding of our operations, and in the meantime, our front-line managers were also able to get a better understanding of shareholders' expectations, which helped to improve our internal management and thus enhance profitability.

Through emails or designated telephone lines, we also provide Shareholders and potential investors with a channel to obtain the latest information of the Company and have their queries answered in a timely manner. We announce our net power generation volume and coal production volume via press releases on a monthly basis.

We always welcome Shareholders' views and input. Shareholders and other stakeholders may at any time address their concerns to the Company Secretary by mail or email. The contact details are set out in the Information for Investors of this Annual Report.

F. COMPANY SECRETARY

In the period under review, the Company strictly complied with the Code principle and Code provision F.1.1 to F.1.4.

The role of Company Secretary is taken on by Ms. Wang Xiao Bin, who is also an Executive Director and Chief Financial Officer of the Company and has day-to day knowledge of the Company's affairs. Her duties as Company Secretary include to ensure good information flow among the Directors and that board policy, procedures and all applicable laws, rules and regulations are followed. She advises the Directors through the Chairman and/or the President of the Company and also facilitates induction and professional development of Directors.

In 2013, Ms. Wang attended 15 hours of relevant training which complied with rule 3.29 of the HKEX Listing Rules.

G. CONSTITUTIONAL DOCUMENT

In the period under review, there were no significant changes in the Company's memorandum and articles of association.

Independent Auditor's Report

羅兵咸永道

To the shareholders of China Resources Power Holdings Company Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Resources Power Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 82 to 204, which comprise the consolidated and Company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 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 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

羅兵咸永道

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 2013, 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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2014

Consolidated and Company's Balance Sheets

	Note	Group As at 31 December 2013 HK$'000	Group As at 31 December 2012 HK$'000	Company As at 31 December 2013 HK$'000	Company As at 31 December 2012 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	**131,579,042**	103,660,633	**291,846**	92,623
Prepaid lease payments	7	**2,747,683**	2,372,579	**—**	—
Mining rights	8(a)	**21,381,263**	14,051,781	**—**	—
Exploration and resources rights	8(b)	**172,565**	—	**—**	—
Prepayments for non-current assets	14	**7,066,387**	4,447,854	**66,834**	75,716
Investments in subsidiaries	9(a)	**—**	—	**24,807,170**	18,790,166
Loans to subsidiaries	9(b)	**—**	—	**10,009,672**	3,420,704
Investments in associates	10(a)	**12,995,773**	19,060,119	**2,712,810**	2,712,810
Investments in joint ventures	11(a)	**1,873,202**	1,728,980	**795,773**	777,874
Goodwill	12	**3,126,941**	3,914,280	**—**	—
Deferred income tax assets	34	**494,493**	264,296	**—**	—
Available-for-sale investments	13(a)	**1,375,876**	1,319,116	**108,358**	99,421
Loan to an available-for-sale investee company	13(b)	**—**	176,772	**—**	—
Loan to a non-controlling shareholder of a subsidiary	19(b)	**17,171**	—	**—**	—
		182,830,396	150,996,410	**38,792,463**	25,969,314
Current assets					
Inventories	15	**3,481,838**	3,258,710	**—**	—
Trade receivables, other receivables and prepayments	16	**18,344,979**	14,758,931	**127,779**	99,628
Loans to associates	10(b)	**839,447**	3,454,804	**—**	—
Loans to joint ventures	11(b)	**369,903**	—	**—**	—
Loan to an available-for-sale investee company	13(b)	**277,860**	—	**—**	—
Amounts due from associates	17	**264,727**	592,171	**11,607**	86,655
Amounts due from joint ventures	18(a)	**778,419**	—	**683,031**	—
Amounts due from other related companies	19(a)	**41,329**	77,730	**37,007,010**	34,212,233
Financial assets at fair value through profit or loss	20	**2,956**	3,687	**—**	—
Pledged bank deposits	21	**598,003**	249,986	**—**	—
Cash and cash equivalents	22	**6,035,046**	4,397,289	**496,501**	310,420
		31,034,507	26,793,308	**38,325,928**	34,708,936
Total assets		**213,864,903**	177,789,718	**77,118,391**	60,678,250

	Note	Group As at 31 December 2013 HK$'000	Group As at 31 December 2012 HK$'000	Company As at 31 December 2013 HK$'000	Company As at 31 December 2012 HK$'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	**4,791,457**	4,762,863	**4,791,457**	4,762,863
Share premium and reserves					
– Proposed final dividend	42	**3,184,988**	2,147,390	**3,210,449**	2,145,110
– Others	25	**57,008,616**	47,132,730	**18,838,578**	16,441,319
		64,985,061	54,042,983	**26,840,484**	23,349,292
Non-controlling interests					
– Perpetual capital securities	27	**5,897,006**	5,897,056	—	—
– Others		**13,850,814**	8,955,962	—	—
		19,747,820	14,853,018	—	—
Total equity		**84,732,881**	68,896,001	**26,840,484**	23,349,292
LIABILITIES					
Non-current liabilities					
Borrowings	31	**73,438,346**	59,876,386	**35,672,599**	23,120,850
Derivative financial instruments	32	**173,652**	320,851	**173,652**	320,851
Deferred income tax liabilities	34	**2,569,573**	573,881	—	—
Deferred income		**607,513**	487,547	—	—
Retirement and other long-term employee benefits obligations	38(iii)	**386,797**	136,481	—	—
		77,175,881	61,395,146	**35,846,251**	23,441,701

Consolidated and Company's Balance Sheets

	Note	Group As at 31 December 2013 HK$'000	Group As at 31 December 2012 HK$'000	Company As at 31 December 2013 HK$'000	Company As at 31 December 2012 HK$'000
Current liabilities					
Trade payables, other payables and accruals	28	**29,956,821**	23,022,262	**243,438**	365,460
Loan from a subsidiary	9(c)	**—**	—	**5,835,750**	5,835,750
Amounts due to associates	29	**969,497**	600,557	**99**	99
Amounts due to joint ventures	18(b)	**397,203**	—	**—**	—
Amounts due to other related companies	30	**4,997,201**	2,977,131	**5,903,790**	3,725,448
Current income tax liabilities		**1,322,159**	506,479	**174,494**	—
Borrowings	31	**14,313,260**	20,390,649	**2,274,085**	3,959,007
Derivative financial instruments	32	**—**	1,493	**—**	1,493
		51,956,141	47,498,571	**14,431,656**	13,887,257
Total liabilities		**129,132,022**	108,893,717	**50,277,907**	37,328,958
Total equity and liabilities		**213,864,903**	177,789,718	**77,118,391**	60,678,250
Net current (liabilities)/assets		**(20,921,634)**	(20,705,263)	**23,894,272**	20,821,679
Total assets less current liabilities		**161,908,762**	130,291,147	**62,686,735**	46,790,993

The notes on pages 91 to 204 are an integral part of these consolidated financial statements.

The financial statements on pages 82 to 204 were approved by the Board of Directors on 17 March 2014 and were signed on its behalf.

Zhou Junqing
Director

Wong Yu Jun
Director

Consolidated Income Statement

	Note	Year ended 31 December 2013 HK$'000	2012 HK$'000 (Note 50)
Turnover	5	**69,581,526**	62,435,520
Operating expenses			
Fuels		**(33,067,387)**	(35,589,027)
Repairs and maintenance		**(1,579,675)**	(1,145,345)
Depreciation and amortisation		**(7,371,469)**	(6,183,139)
Employee benefit expenses	37	**(4,784,336)**	(3,762,080)
Consumables		**(1,070,107)**	(928,894)
Impairment charges	43	**(1,997,057)**	(679,711)
Business tax and surcharge		**(659,993)**	(499,995)
Others		**(4,256,991)**	(3,348,608)
Total operating expenses		**(54,787,015)**	(52,136,799)
Other income	35	**1,848,651**	1,306,198
Other gains – net	36	**861,339**	400,938
Operating profit		**17,504,501**	12,005,857
Finance costs	39	**(3,328,216)**	(3,835,796)
Share of results of associates	10(a)	**1,205,388**	1,643,372
Share of results of joint ventures	11(a)	**755,556**	90,328
Profit before income tax		**16,137,229**	9,903,761
Income tax expense	40	**(3,551,936)**	(1,179,214)
Profit for the year		**12,585,293**	8,724,547
Profit attributable to:			
Owners of the Company		**11,015,526**	7,478,916
Non-controlling interests			
– Perpetual capital securities		**421,835**	418,344
– Others		**1,147,932**	827,287
		1,569,767	1,245,631
		12,585,293	8,724,547
Earnings per share attributable to owners of the Company during the year	41		
– Basic		**HK$2.32**	HK$1.59
– Diluted		**HK$2.31**	HK$1.58

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2013	2012
	HK$'000	HK$'000
Profit for the year	**12,585,293**	8,724,547
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**2,217,253**	226,225
Share of other comprehensive income of investments accounted for using the equity method	**188,065**	224,418
Cash flow hedges	**150,216**	(2,485)
Total items that may be reclassified subsequently to profit or loss	**2,555,534**	448,158
Other comprehensive income for the year, net of tax	**2,555,534**	448,158
Total comprehensive income for the year	**15,140,827**	9,172,705
Attributable to:		
Owners of the Company	**13,218,931**	7,888,405
Non-controlling interests		
– Perpetual capital securities	**421,835**	418,344
– Others	**1,500,061**	865,956
	1,921,896	1,284,300
Total comprehensive income for the year	**15,140,827**	9,172,705

The notes on pages 91 to 204 are an integral part of these consolidated financial statements.

		Year ended 31 December	
		2013	2012
		HK$'000	HK$'000
Dividends	42	**3,564,932**	2,430,556

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company											Non-controlling interests			Total equity
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 25)	Special reserve HK$'000 (Note 25)	Capital reserve HK$'000 (Note 25)	Shares held for share award scheme HK$'000 (Note 26)	Translation reserve HK$'000	Share-based com-pensation reserve HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Others HK$'000	Total HK$'000	Total HK$'000
Balance at 1 January 2013	4,762,863	16,964,744	1,740,980	40,782	162,835	(601,809)	7,124,465	185,705	(317,023)	23,979,441	54,042,983	5,897,056	8,955,962	14,853,018	68,896,001
Profit for the year	–	–	–	–	–	–	–	–	–	11,015,526	11,015,526	421,835	1,147,932	1,569,767	12,585,293
Currency translation difference	–	–	–	–	–	–	1,865,124	–	–	–	1,865,124	–	352,129	352,129	2,217,253
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	–	4,740	–	183,325	–	–	–	188,065	–	–	–	188,065
Cash flow hedges	–	–	–	–	–	–	–	–	150,216	–	150,216	–	–	–	150,216
Total comprehensive income for the year ended 31 December 2013	–	–	–	–	4,740	–	2,048,449	–	150,216	11,015,526	13,218,931	421,835	1,500,061	1,921,896	15,140,827
Transactions with owners															
Shares issued upon exercise of options	28,594	167,979	–	–	–	–	–	–	–	–	196,573	–	–	–	196,573
Transfer of share option reserve upon exercise of share options	–	99,469	–	–	–	–	–	(99,469)	–	–	–	–	–	–	–
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	576,746	576,746	576,746
Acquisitions of a subsidiary (Note 45(b))	–	–	–	–	–	–	–	–	–	–	–	–	5,891,046	5,891,046	5,891,046
Disposal of interests in a subsidiary to non-controlling interests	–	–	–	–	41,458	–	–	–	–	–	41,458	–	203,506	203,506	244,964
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(32,106)	(32,106)	(32,106)
Coupon paid on perpetual securities	–	–	–	–	–	–	–	–	–	–	–	(421,885)	–	(421,885)	(421,885)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(3,244,401)	(3,244,401)	(3,244,401)
Dividends paid to owners of the Company	–	–	–	–	–	–	–	–	–	(2,514,884)	(2,514,884)	–	–	–	(2,514,884)
Profit appropriation to reserves	–	–	1,823,431	–	–	–	–	–	–	(1,823,431)	–	–	–	–	–
Transfers (Note 25)	–	–	–	–	238,659	–	–	–	–	(238,659)	–	–	–	–	–
Transfers upon utilisation (Note 25)	–	–	–	–	(279,316)	–	–	–	–	279,316	–	–	–	–	–
Transactions with owners	28,594	267,448	1,823,431	–	801	–	–	(99,469)	–	(4,297,658)	(2,276,853)	(421,885)	3,394,791	2,972,906	696,053
Balance at 31 December 2013	4,791,457	17,232,192	3,564,411	40,782	168,376	(601,809)	9,172,914	86,236	(166,807)	30,697,309	64,985,061	5,897,006	13,850,814	19,747,820	84,732,881

Consolidated Statement of Changes in Equity

	Attributable to the owners of the Company											Non-controlling interests			Total equity
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note 25)	Special reserve HK$'000 (Note 25)	Capital reserve HK$'000 (Note 25)	Shares held for share award scheme HK$'000 (Note 26)	Translation reserve HK$'000	Share- based com- pensation reserve HK$'000	Hedging reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Perpetual capital securities HK$'000	Others HK$'000	Total HK$'000	Total HK$'000
Balance at 1 January 2012	4,745,092	16,822,389	1,547,854	40,782	251,354	(588,354)	6,712,491	236,425	(314,538)	18,019,503	47,472,998	5,900,367	8,198,800	14,099,167	61,572,165
Profit for the year	–	–	–	–	–	–	–	–	–	7,478,916	7,478,916	418,344	827,287	1,245,631	8,724,547
Currency translation difference	–	–	–	–	–	–	187,556	–	–	–	187,556	–	38,669	38,669	226,225
Share of changes in translation reserve of associates and joint ventures	–	–	–	–	–	–	224,418	–	–	–	224,418	–	–	–	224,418
Cash flow hedges	–	–	–	–	–	–	–	–	(2,485)	–	(2,485)	–	–	–	(2,485)
Total comprehensive income for the year ended 31 December 2012	–	–	–	–	–	–	411,974	–	(2,485)	7,478,916	7,888,405	418,344	865,956	1,284,300	9,172,705
Transactions with owners															
Shares issued upon exercise of options	17,771	90,158	–	–	–	–	–	–	–	–	107,929	–	–	–	107,929
Transfer of share option reserve upon exercise of share options	–	52,197	–	–	–	–	–	(52,197)	–	–	–	–	–	–	–
Recognition of equity settled share-based payments	–	–	–	–	–	–	–	1,477	–	–	1,477	–	–	–	1,477
Purchase of shares under medium to long-term performance evaluation incentive plan	–	–	–	–	–	(13,455)	–	–	–	–	(13,455)	–	–	–	(13,455)
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	243,762	243,762	243,762
Acquisitions of a subsidiary	–	–	–	–	–	–	–	–	–		–	–	221,954	221,954	221,954
Coupon paid on perpetual securities	–	–	–	–	–	–	–	–	–	–	–	(421,655)	–	(421,655)	(421,655)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(574,510)	(574,510)	(574,510)
Dividends paid to owners of the Company	–	–	–	–	–	–	–	–	–	(1,414,371)	(1,414,371)	–	–	–	(1,414,371)
Profit appropriation to reserves	–	–	193,126	–	–	–	–	–	–	(193,126)	–	–	–	–	–
Transfers (Note 25)	–	–	–	–	257,642	–	–	–	–	(257,642)	–	–	–	–	–
Transfers upon utilisation (Note 25)	–	–	–	–	(346,161)	–	–	–	–	346,161	–	–	–	–	–
Transactions with owners	17,771	142,355	193,126	–	(88,519)	(13,455)	–	(50,720)	–	(1,518,978)	(1,318,420)	(421,655)	(108,794)	(530,449)	(1,848,869)
Balance at 31 December 2012	4,762,863	16,964,744	1,740,980	40,782	162,835	(601,809)	7,124,465	185,705	(317,023)	23,979,441	54,042,983	5,897,056	8,955,962	14,853,018	68,896,001

The notes on pages 91 to 204 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	43	**26,570,251**	20,168,263
Income tax paid		**(3,382,560)**	(1,203,230)
Cash flows from operating activities - net		**23,187,691**	18,965,033
Cash flows from investing activities			
Dividend received from associates		**1,141,461**	1,011,099
Dividend received from available-for-sale investments		**45,762**	182,379
Interest received		**465,874**	232,425
(Additions)/withdrawal of pledged bank deposits		**(347,069)**	53,991
Recovery of deposits for acquisition of mining rights and exploration and resources rights and related interests		**—**	1,558,209
Acquisition of property, plant and equipment, prepaid lease payments and mining rights and exploration and resources rights		**(22,983,598)**	(10,374,241)
Deposits paid for acquisition of property, plant and equipment, prepaid lease payments, mining rights and exploration and resources rights		**(274,728)**	(295,883)
Proceeds from disposal of property, plant and equipment		**48,479**	24,923
Proceeds from disposal of prepaid lease payments		**10,049**	—
Proceeds from disposal of investments		**573,771**	—
Loan repaid from a non-controlling shareholder of a subsidiary		**(13,912)**	77,929
Loans repaid by associates/(loans to associates)		**2,678,382**	(812,137)
Loan to an available-for-sale investee company		**(95,552)**	(176,772)
Loan to a non-controlling shareholder of a subsidiary		**(17,171)**	—
Capital contributions for available-for-sale investments		**(31,729)**	(245,340)
Capital contributions into associates		**(388,582)**	(270,265)
Capital contributions into joint ventures		**(18,299)**	(266,841)
Net cash inflow/(outflow) on acquisition of subsidiaries	45	**5,007,498**	(424,540)
Net cash outflow on acquisition of interest in an associate		**—**	(518,819)
Government grants related to assets		**126,872**	260,916
Cash flows from investing activities - net		**(14,072,492)**	(9,982,967)

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2013 HK$' 000	2012 HK$' 000
Cash flows from financing activities			
Proceeds from bank and other borrowings raised		**40,459,277**	33,574,785
Proceeds from issuance of corporate bonds		**—**	2,453,200
Repayment of bank and other borrowings		**(37,112,030)**	(39,599,742)
Coupon payment on perpetual capital securities		**(421,885)**	(421,655)
Proceeds from issuance of shares for exercised options		**196,573**	107,929
Proceeds from disposal of interests in a subsidiary to non-controlling interest		**244,366**	—
Capital contributions from non-controlling interests		**576,746**	243,762
Purchase of shares held by a medium to long-term performace evaluation incentive plan		**—**	(13,455)
Advances from/(repayment of advances to) associates		**303,376**	(68,991)
Advances from joint ventures		**396,489**	—
Advances from other related companies		**69,124**	41,776
Loan from an intermediate holding company		**—**	2,600,000
Loan repaid to an intermediate holding company		**(2,600,511)**	(1,238,337)
Repayment to non-controlling interests of subsidiaries		**(3,377)**	(154,874)
Interests paid		**(4,073,375)**	(4,346,029)
Dividends paid to owners of the Company		**(2,514,411)**	(1,414,371)
Dividends paid to non-controlling interests of the subsidiaries		**(3,158,884)**	(882,867)
Cash outflows from financing activities - net		**(7,638,522)**	(9,118,869)
Net increase/(decrese) in cash and cash equivalents		**1,476,677**	(136,803)
Cash and cash equivalents at beginning of the year		**4,397,289**	4,496,605
Exchange gains		**161,080**	37,487
Cash and cash equivalents at end of the year		**6,035,046**	4,397,289

The notes on pages 91 to 204 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

China Resources Power Holdings Company Limited (the "Company") is a public company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The intermediate holding company of the Company as at 31 December 2013 is China Resources (Holdings) Company Limited ("CRH"), a company incorporated in Hong Kong. The directors regard the ultimate holding company of the Company to be China Resources National Corporation ("CRNC"), a company registered in the People's Republic of China (the "PRC").

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") is principally engaged in the construction and operations of power stations and coal mining. The address of the registered office of the Company is Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

These consolidated financial statements are presented in HK dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 17 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the 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 Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale investments and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS 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.

2.1.1 Going concern

At 31 December 2013, the Group had net current liabilities of approximately HK$20,921,634,000. In addition, there were outstanding capital commitments amounting to HK$29,980,093,000 (Note 44). The directors are of the opinion that, taking into account the current operating and business plan of the Group as well as the banking facilities (Note 31) made available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due for the coming twelve months from the balance sheet date. Therefore, these consolidated financial statements have been prepared on a going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures

(i) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning 1 January 2013:

- Amendment to HKAS 1,'Financial statements presentation' regarding other comprehensive income is effective for the annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The change in accounting standard does not have any material impact on the Group. The consolidated financial statements have been prepared under the revised disclosure requirements.

- Amendment to HKFRS 1 'First time adoption' regarding government loans is effective for the annual periods beginning on or after 1 January 2013. This amendment is not applicable to the Group.

- Amendment to HKFRS 7 'Financial instruments: Disclosures', on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the balance sheet, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The change in accounting standard does not have any material impact on the Group.

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The change in accounting standard does not have any material impact on the Group as all subsidiaries within the Group satisfy the requirements for control under HKFRS 10 and there are no new subsidiaries identified under the new guidance.

- HKFRS 11 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The Group adopted the relevant accounting policy consistent with the new requirements under revised HKFRS11 in the past and therefore there was no substantial impact arising from this amendment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures *(continued)*

(i) New and amended standards adopted by the Group *(continued)*

- HKFRS 12 'Disclosure of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The Group has made relevant additional disclosures in the consolidated financial statements.

- HKFRS 13 'Fair value measurements', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The change in accounting standard does not have any material impact on the Group.

- Amendment to HKAS 19 'Employee benefits' is effective for the annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance expenses on a net funding basis. The change in accounting standard does not have any material impact on the Group.

- HKFRIC - Int 20 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. The interpretation sets out the accounting for overburden waste removal (stripping) costs that are incurred in surface mining activity during the production phase of a mine. The interpretation may require mining entities reporting under HKFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The change in accounting standard does not have any material impact on the Group.

- Annual improvements 2011, 2012 and 2013 do not have any material impact on the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Change in accounting standards and disclosures *(continued)*

(ii) New and amended standards, Companies Ordinance not yet adopted by the Group

The following new and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted by the Group:

- HKAS32 (Amendment) 'Financial instruments: Presentation' on asset and liability offsetting is effective for annual periods beginning on or after 1 January 2014
- Amendment to HKFRS10,12 and HKAS 27 'Consolidation for investment entities' are effective for annual periods beginning on or after 1 January 2014
- HKAS36 (Amendment) 'Impairment of assets' on recoverable amount disclosures is effective for annual periods beginning on or after 1 January 2014
- HKAS39 (Amendment) 'Financial Instruments: Recognition and Measurement' - 'Novation of derivatives' is effective for annual periods beginning on or after 1 January 2014
- HKFRIC21 'Levies' is effective for annual periods beginning on or after 1 January 2014
- HKFRS9 'Financial Instruments', the effective date is to be determined

In the New Companies Ordinances, the Tenth Schedule has been replaced by Schedule 4. The New Companies Ordinance deletes disclosure requirements already dealt with in HKFRSs and has new requirement to disclose the company's balance sheet in a set of consolidated financial statements as a note to the consolidated financial statements. It is effective for periods commencing after 3 March 2014.

Management is in the process of making an assessment of the impact of the above new and amended standards. Management is not yet in a position to state what impact they would have, if any, on the Group's results of operations and financial positions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(a) Business combinations

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. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. The Group recognized the non-controlling interests for the acquisitions disclosed in Note 45 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.

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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (Note 2.10).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or 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. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of post-acquisition profit or loss is recognised in profit or loss, 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 an associate equals or exceeds its interest in the associate, 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 associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

2.5.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other gains - net'.

Translation difference 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

2.5.3 Group companies

The results and financial positions 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 consolidated statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

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 other comprehensive income.

2.5.4 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 joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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 currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 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 and senior management of the Company that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment

Property, plant and equipment consists of buildings, power generating plant and equipment, mining structures, motor vehicles, furniture, fixtures, equipment and others and construction-in-progress ("CIP"). Property, plant and equipment, other than the CIP are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Buildings	18 - 45 years
Power generating plant and equipment	15 - 18 years
Mining structures	5 - 20 years
Motor vehicles, furniture, fixtures, equipment and others	3 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

CIP represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision or depreciation is made on construction in progress until such time the relevant assets are completed and put into use. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Mining rights

Mining rights are stated at cost less accumulated amortisation and impairment losses and are amortised using the unit of production method based on the proved and probable mineral reserves.

2.9 Exploration and resources rights

Exploration and resources rights are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and resources rights are stated at cost less any accumulated impairment losses. Exploration and resources rights include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration and resources rights are reclassified as mining rights or other fixed assets. These assets are assessed for impairment before reclassifications.

2.10 Goodwill

Goodwill arises on the acquisitions of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred for 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.

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. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential 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.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill and intangible assets not ready to use - 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 cash flows (cash-generating units). Non-financial assets other than goodwill that suffered from impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Financial assets

2.12.1 Classification

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 purpose 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 include financial assets held for trading and designated upon initial recognition at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. 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 end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise `trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Note 2.17 and 2.18).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in current assets when the investment matures or management intends to dispose it within 12 months of the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Financial assets *(continued)*

2.12.2 Recognition and measurement

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. 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 'financial assets at fair value through profit or loss' category are presented in the 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 `other gains - net'.

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.

2.13 Offsetting financial instruments

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Impairment of financial assets

2.14.1 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.

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

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

2.14.2 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 group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 32. Movements on the hedging reserve in shareholders' equity are shown in Note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2.15.1 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other gains – net'.

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement within 'finance costs'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement within 'other gains - net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Inventories

Inventories include fuel oil for power generation, coal, materials for repairs and maintenance and spare parts, and are stated at lower of cost and net realisable value.

Inventories are initially recorded at cost and are charged to fuel costs, repairs and maintenance, or comsumables, respectively when used, or capitalised to property, plant and equipment when installed, as appropriate, using weighted average cost basis. Cost of inventories includes costs of purchase and transportation expenses.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

2.18 Cash and cash equivalents

Cash and cash equivalents listed in the consolidated statement of cash flows represent cash in hand, deposits held at call with banks, and other short-term, highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.19 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 any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Perpetual capital securities

Perpetual capital securities issued by the Group are classified as equity instruments and are initially recorded at the amount of proceeds received.

2.21 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 and other 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 are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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 end of the reporting period.

2.23 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Income tax expense is recognised in profit or loss, 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.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxtion 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.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference, deferred income tax liabilities are not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Current and deferred income tax *(continued)*

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Employee benefits

Employee benefits include all expenditures relating to the employees for their services. The Group recognises employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

(a) Defined contribution plan

In connection with pension obligations, the Group operates various defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Group pay fixed contributions into a separate publicly administered pension insurance plan on mandatory and voluntary bases. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expenses when incurred. Prepaid contributions are recognised as assets to the extent that a cash refund or a reduction in the future payment is available.

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Equity-settled share-based payment

Share options/awarded shares granted to directors and employees of the Group, directors of CRH, employees of CRH and its subsidiaries for their service to the Group.

The fair value of services received determined by reference to the fair value of share options and awarded shares granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in employee share-based compensation reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to employee share-based compensation reserve.

At the time when the share options are exercised, the amount previously recognised in employee share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting period or are still not exercised at the expiry date, the amount previously recognised in employee share-based compensation reserve will be transferred to retained earnings.

At the time when the awarded shares are vested, the amount previously recognised in share award reserve for the amount of relevant treasury shares and the amount recognised in employee share-based compensation reserve will be transferred to retained earnings.

2.27 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the Group’s restoration, rehabilitation and environmental expenses are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28 Government grants

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

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

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

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of products and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the group companies. Revenue is recognised as follows:

2.29.1 Sales of electricity

Revenue is earned and recognised upon transmission of electricity to the customers or the power grid owned by the respective regional or provincial grid companies.

2.29.2 Sales of coal

Revenue is recognised when the coal delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the coal.

2.29.3 Heat supply

Revenue is recognised when the heat is delivered to the customers.

2.29.4 CERs income

The Group sells carbon credits known as Certified Emission Reductions ("CERs"), generated from the wind farms and other renewable energy facilities which have been registered as Clean Development Mechanism ("CDM") projects with CDM Executive Board ("CDM EB") of the United Nations under the Kyoto Protocol. Revenue in relation to the CERs is recognised when the following conditions are met:

(1) CDM projects have received the approval from National Development and Reform Commission ("NDRC") and have been approved by the United Nations as registered CDM projects;

(2) the counterparties have committed to purchase the CERs and prices have been agreed; and

(3) the relevant electricity has been generated.

2.29.5 Provision of services

Service income is recognised when services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.31 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.32 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group is the lessee - Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group is the lessor - When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

2.33 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central group treasury department under policies approved by the board of directors. The department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The majority of the Group's operations are in the PRC and transactions are mainly denominated in Renminbi ("RMB") which is the functional currency of the respective group entities. Foreign exchange risk mainly arises from certain cash and cash equivalents, and borrowings which are denominated in Hong Kong dollars ("HK$") and US dollars ("US$"). However, given certain entities are located in Hong Kong and their functional currency are HK$ or US$, the foreign exchange risk for them mainly arises from balances denominated in RMB.

Given there are different functional currencies within the Group, there are still foreign exchanges risk arises from the balances within the Group even they are eliminated.

The carrying amounts of the foreign currencies denominated monetary assets and monetary liabilities before elimination at the reporting date are as follows:

	Group As at 31 December	
	2013 **HK$'000**	2012 HK$'000
Assets		
US$	**63,331**	78,870
RMB	**24,112,281**	16,106,699
HK$	**336,754**	85,682
Liabilities		
US$	**8,183,119**	7,404,927
RMB	**5,301,554**	3,086,458
HK$	**5,443,689**	3,236,716

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

At 31 December 2013, if RMB had strengthened/weakened by 5% against HKD and USD with all other variables held constant, profit before tax for the year would have been HK$1,601,872,000 (2012: HK$1,174,867,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated and USD-denominated monetary assets and monetary liabilities. This sensitivity has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at bank with interest income accrued at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2013, except for HK$29,449,458,000 (2012: HK$20,737,447,000) of borrowings and HK$4,286,807,000 (2012: HK$2,600,000,000) of loans from other related parties of the Group whose interests were charged at floating rates before cash flow hedge, interests on all remaining borrowings and loans from other related parties were charged at fixed rates.

In order to keep borrowings at fixed rate and to minimise cash flow interest rate risk, the Group has adopted floating to fixed interest rate swaps to manage cash flow interest rate risk exposure associated with the borrowings at floating interest rates amounting to HK$8,002,000,000 (2012: HK$8,202,000,000) (Note 32). Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates, which are usually at rates lower than those if the Group had borrowed at fixed rates directly. Under the interest rate swap arrangements, the Group agrees with other parties to exchange, at specified intervals (primarily semiannually), the difference between fixed contract rate and floating-rate interest amounts calculated with reference made to the agreed notional amounts.

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at floating rates which are not hedged with hedging instruments. The analysis is prepared by assuming the financial instruments outstanding at the end of the period were outstanding for the whole year.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk *(continued)*

At 31 December 2013, if interest rates on long-term borrowings at that date had been 10 basis point higher/lower with all other variables held constant, the interest expenses for the year would have been HK$25,734,000 (2012: HK$15,135,000) higher/lower, mainly as a result of higher/lower interest expenses on floating rate borrowings.

Interest income is derived from the Group's current and fixed bank deposits and loans to related companies that carry interest at prevailing market rates (Notes 21, 22, 10(b), 11(b) and 19(b)). The Group's bank deposits and loans to related companies are short-term in nature and the exposure of cash flow interest rate risk is minimal.

(iii) Price risk

The Group is exposed to price risk because of investments held by the Group and classified as available-for-sale and at fair value through profit and loss on the consolidated balance sheet.

To manage its price risk arising from investments in equity interests, the Group diversifies its portfolio within the limits set by the Group.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, amounts due from associates, amounts due from joint ventures and amounts due from other related companies. The maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the management of the Group has reviewed the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk for the Group is concentrated on a limited number of power grids, associates, joint ventures and other related companies. However, management of the Group, having considered the financial background and good creditability of the power grids and related companies, and good operating prospects of associates and joint ventures, believes that there is no significant credit risk.

Credit risk on liquid funds is limited because the counterparties are banks with good reputation.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

The Group operates a central treasury function at corporate level that surplus cash of operating entities within the Group is gathered in a pool. The cash balance is then advanced to entities within the Group with cash needs. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions in order to meet the liquidity requirements of the Group in the short and longer terms.

As stated in Note 2, the Group had net current liabilities of HK$20,921,634,000 at 31 December 2013 and outstanding capital commitment of HK$29,980,093,000, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the Group had obtained sufficient short and long-term bank facilities at the end of the reporting period. In addition, the management can undertake close monitoring process to control the timing of the expected cash outflows associated with the construction of new power plants and the purchase of power generators. In this regard, the directors of the Company consider that the Group's liquidity risk has been significantly reduced and they are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due for the coming twelve months from 31 December 2013.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on undiscounted cash flows of financial liabilities, computed on the earliest date when the Group would be required to settle them. The table includes both interest and principal cash flows. To the extent that interest flows are computed at floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by making reference to the current interest rates at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on contractual maturities as management considers that the contractual maturities are essential for an understanding of the expected timing of the cash flows associated with the derivatives.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Group						
	Weighted average interest rate %	On demand HK$'000	Less than 1 year HK$'000	1 - 5 years HK$'000	over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2013							
Non-derivative financial liabilities							
Non-interest bearing	**N/A**	**15,847,423**	**11,070,987**	—	—	**26,918,410**	**26,918,410**
Fixed interest rate	**4.927**	—	**16,162,323**	**41,098,672**	**13,405,079**	**70,666,074**	**58,833,192**
Variable interest rate	**1.794**	—	**7,204,500**	**28,557,883**	—	**35,762,383**	**33,736,265**
		15,847,423	**34,437,811**	**69,656,555**	**13,405,079**	**133,346,868**	**119,487,867**
Derivatives - net settlement							
Interest rate swaps		—	—	**195,099**	—	**195,099**	**173,652**
At 31 December 2012							
Non-derivative financial liabilities							
Non-interest bearing	N/A	10,471,148	9,509,508	—	—	19,980,656	19,980,656
Fixed interest rate	5.159	—	23,488,153	29,199,923	28,607,982	81,296,058	62,129,588
Variable interest rate	1.912	—	5,781,993	18,859,235	—	24,641,228	23,337,447
		10,471,148	38,779,654	48,059,158	28,607,982	125,917,942	105,447,691
Derivatives - net settlement							
Interest rate swaps		—	1,493	328,911	—	330,404	322,344

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives in 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 and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors its capital based on gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and loan from related parties less cash and cash equivalents and pledged bank deposits.

The gearing ratios at 31 December 2013 were as follows:

	2013 **HK$'000**	2012 HK$'000
Total borrowings	**87,751,606**	80,267,035
Loan from an associate	**531,044**	514,919
Loan from an intermediate holding company	**4,286,807**	2,600,000
Less: cash and cash equivalents	**(6,035,046)**	(4,397,289)
pledged bank deposits	**(598,003)**	(249,986)
Net debt	**85,936,408**	78,734,679
Total equity (excluding non-controlling interests)	**64,985,061**	54,042,983
Gearing ratio	**132.2%**	145.7%

The directors of the Company consider the Group's gearing ratio has been maintained at a comfortable level.

3 FINANCIAL RISK MANAGEMENT *(continued)*

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:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - 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 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	**2,956**	—	—	**2,956**
Available-for-sale investments	—	—	**1,375,876**	**1,375,876**
	2,956	—	**1,375,876**	**1,378,832**
Liabilities				
Derivative financial instruments	—	**173,652**	—	**173,652**

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial assets at fair value through profit or loss	3,687	—	—	3,687
Available-for-sale investments	—	—	1,319,116	1,319,116
	3,687	—	1,319,116	1,322,803
Liabilities				
Derivative financial instruments	—	322,344	—	322,344

There were no transfers among level 1, level 2 and level 3 during the year.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is determined 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. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and they comprise equity investments in Beijing Jingneng and Yangtze Power classified as trading securities.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market 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 are not determined based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The forward exchange contracts and fuel oil swaps are both valued using 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.

(c) The movement of level 3 instruments has been disclosed in Note 13(a).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year are addressed below:

(a) Estimated impairment of non-financial assets (other than goodwill)

In determining whether a non-financial asset is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rate or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Further considerations in performing impairment tests regarding mining rights and exploration and resources rights are set out in Note 8(a).

(b) Useful lives of property, plant and equipment

The estimate of depreciable lives of property, plant and equipment, especially power generating plant and equipment and mining structures, was made by the directors with reference to the following: (1) the historical usage of the assets; (2) their expected physical wear and tear; (3) results of recent durability assessment performed; (4) technical or commercial obsolescence arising from changes or improvements in production of similar fixed assets; and (5) the changes in market demand for, or legal or comparable limits imposed on, the use of such fixed assets. When the useful lives differ from the original estimated useful lives, management will adjust the estimated useful lives accordingly.

The current estimated useful lives are stated in Note 2.7. It is possible that the estimates made based on existing experience are different to the actual outcomes within next financial period and could cause a material adjustment to the depreciation and carrying amount of property, plant and equipment.

If the estimated depreciable lives of power generating plant and equipment and mining structures had been increased/decreased by 5%, the depreciation expenses of fixed assets for the year ended 31 December 2013 would have been decreased/increased by approximately HK$295,991,000 and HK$237,230,000 respectively (2012: HK$223,767,000 and HK$205,705,000).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Impairment review of goodwill

As of 31 December 2013, there was goodwill substantially arising from acquisition of various power plants amounting to HK$3,126,941,000 (2012: HK$3,914,280,000)(Note12). Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and any residual value from disposing the related assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The details of the assumptions used by management and the sensitivity analysis are disclosed in Note 12.

(d) Mining rights

As stated in Note 2.8, mining rights are amortised using the unit of production method based on the proved and probable mineral reserves.

The process of estimating quantities of reserves is inherently uncertain and complex. It requires significant judgements and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting mineral prices and costs change. Reserve estimates are based on current production forecasts, prices and economic conditions. The directors exercise their judgement in estimating the total proved and probable reserves of the coal mines and on the assumption that the PRC government will continue to renew the mining right certificates (the "Certificates") upon its expiration at minimal charges. If the quantities of reserves are different from current estimates and significant charge would be incurred in renewal of the relevant Certificates upon its expiration, it will result in significant changes to amortisation and depreciation expenses of mining rights and affect the recoverable amount of mining rights, in which a material impairment loss may arise. As at 31 December 2013, the carrying amount of the mining rights are HK$21,381,263,000 (2012: HK$14,051,781,000) (Note 8).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(e) Impairment review of deposits paid for acquisition of mining/exploration rights

Deposits paid for acquisition of mining/exploration rights are reviewed for impairment whenever one of the following events or changes in circumstances indicate that the carrying amounts may not be recoverable (the list is not exhaustive).

- The possibility of converting the deposits into the mining/exploration rights.
- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, though a development in the specific area is likely to proceed, the carrying amount of the exploration and resources rights is unlikely to be recovered in full from successful development or by sale.

In estimating the recoverable amounts of assets, various assumptions, including future cash flows to be associated with the deposits and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position. At 31 December 2013, the carrying amount of deposits paid for acquisition of mining/exploration rights is HK$1,483,024,000 (2012: HK$1,171,607,000)(Note 14).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(f) Approval of operations and construction of power plants

As of 31 December 2013, the Group had not yet received relevant government approvals from the NDRC for certain power plant projects. The ultimate approval from the NDRC on these projects is a critical estimate and judgement of the directors. Such an estimate and judgement are based on initial approval documents received as well as their understanding of the nature of the projects. Based on historical experience and the current estimation of the approval application status, the directors believe that the Group will receive final approval from the NDRC on the related power plant projects. Deviation from this estimate and judgement could result in material adjustments to the carrying amount of property, plant and equipment.

5 TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising on sales of electricity and heat generated by thermal power plants, and sales of coal during the year.

	2013 **HK$'000**	2012 HK$'000
Sales of electricity	**61,685,099**	55,547,575
Of which: Sales of power generation from coal-fired power plants	**58,045,660**	53,064,679
Sales of power generation from renewable energy	**3,639,439**	2,482,896
Heat supply	**2,507,712**	2,344,618
Sales of coal	**5,388,715**	4,543,327
	69,581,526	62,435,520

The chief operating decision-makers mainly include executive directors and members of senior management of the Company. For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews operating results and financial information on a group company by company basis. Each such group company is identified as an operating segment. When the group company operates in similar business model with similar target group of customers, the Group's operating segments are aggregated.

With the development of renewable energy business and the acquisition of certain subsidiaries engaging in this business in 2013 as described in Note 45(a), management determined to disclose renewable energy as a separate reportable segment due to its importance from 2013, instead of including it in the segment of "Generation of electricity and heat" in prior years. As a result, there are three reportable segments for financial reporting purposes, comprising coal-fired power, renewable energy and coal mining. The disclosure of 2012 was adjusted accordingly.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, interest income, finance costs, share of results of associates, share of results of joint ventures, and fair value change on derivative financial instruments.

Inter-segment sales are charged at prevailing market rates.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment information about the Group's revenue and results is presented below:

For the year ended 31 December 2013:

	Coal-fired power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	**60,553,372**	**3,639,439**	**5,388,715**	—	**69,581,526**
Inter-segment sales	—	—	**70,251**	**(70,251)**	—
Total	**60,553,372**	**3,639,439**	**5,458,966**	**(70,251)**	**69,581,526**
Segment profit	**15,573,237**	**2,058,495**	**353,862**	—	**17,985,594**
Unallocated corporate expenses					**(675,767)**
Interest income					**196,198**
Fair value changes on derivative financial instruments					**(1,524)**
Finance costs					**(3,328,216)**
Share of results of associates					**1,205,388**
Share of results of joint ventures					**755,556**
Profit before income tax					**16,137,229**

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment information about the Group's revenue and results is presented below:

For the year ended 31 December 2012:

	Coal-fired power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Eliminations HK$'000	Total HK$'000
Segment revenue					
External sales	55,409,297	2,482,896	4,543,327	—	62,435,520
Inter-segment sales	—	—	62,272	(62,272)	—
Total	55,409,297	2,482,896	4,605,599	(62,272)	62,435,520
Segment profit	9,999,045	1,449,739	775,104	—	12,223,888
Unallocated corporate expenses					(486,157)
Interest income					230,072
Fair value changes on derivative financial instruments					38,054
Finance costs					(3,835,796)
Share of results of associates					1,643,372
Share of results of joint ventures					90,328
Profit before income tax					9,903,761

Segment information about the Group's assets and liabilities is presented below:

	2013 HK$'000	2012 HK$'000
Segment assets		
– Coal-fired power	**111,990,978**	103,906,190
– Renewable energy	**26,072,291**	19,709,375
– Coal mining	**51,853,163**	26,955,930
Total segment assets	**189,916,432**	150,571,495
Investments in associates	**12,995,773**	19,060,119
Investments in joint ventures	**1,873,202**	1,728,980
Deferred income tax assets	**494,493**	264,296
Pledged bank deposits, and cash and cash equivalents	**6,633,049**	4,647,275
Corporate assets, mainly representing assets held by head office and investment holding companies	**1,951,954**	1,517,553
Consolidated assets	**213,864,903**	177,789,718

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

	2013 HK$'000	2012 HK$'000
Segment liabilities		
– Coal-fired power	**(26,938,037)**	(17,952,199)
– Renewable energy	**(3,998,277)**	(1,963,957)
– Coal mining	**(5,723,075)**	(6,633,638)
Total segment liabilities	**(36,659,389)**	(26,549,794)
Bank and other borrowings	**(87,751,606)**	(80,267,035)
Derivative financial instruments	**(173,652)**	(322,344)
Deferred income tax liabilities	**(2,569,573)**	(573,881)
Current income tax liabilities	**(1,322,159)**	(506,479)
Corporate liabilities, mainly representing liabilities of head office and investment holding companies	**(655,643)**	(674,184)
Consolidated liabilities	**(129,132,022)**	(108,893,717)

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, deferred income tax assets, pledged bank deposits, and cash and cash equivalents managed by corporate office, and unallocated corporate assets; and

- all liabilities are allocated to operating segments other than bank and other borrowings, derivative financial instruments, deferred income tax liabilities, current income tax liabilities, and unallocated corporate liabilities.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

Other segment information is presented below:

For the year ended 31 December 2013:

	Coal-fired power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:					
Additions to non-current assets (Note)	6,489,992	6,249,188	25,275,005	52,113	38,066,298
Depreciation and amortisation	(5,527,878)	(1,218,640)	(599,095)	(25,856)	(7,371,469)
Impairment charges	(1,096,422)	(33,391)	(867,244)	—	(1,997,057)
Net (losses)/gains on disposal of property, plant and equipment	(106,301)	213	(1,938)	258	(107,768)
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:					
Share of results of associates	1,661,615	—	(456,227)	—	1,205,388
Share of results of joint ventures	1,045,736	—	(290,180)	—	755,556
Finance costs	(151,824)	(488,590)	(949,128)	(1,738,674)	(3,328,216)
Income tax expense	(2,532,348)	(68,859)	(751,914)	(198,815)	(3,551,936)

Note: Non-current assets excluded financial instruments and deferred tax assets.

5 TURNOVER AND SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2012:

	Coal-fired power HK$'000	Renewable energy HK$'000	Coal mining HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit and segment assets:					
Additions to non-current assets	10,541,712	1,240,138	3,215,464	68,842	15,066,156
Depreciation and amortisation	(4,884,960)	(791,782)	(473,154)	(33,243)	(6,183,139)
Impairment charges	(350,534)	—	(329,177)	—	(679,711)
Net gains on disposal of property, plant and equipment	96,629	—	372	75	97,076
Amounts regularly provided to chief operating decision maker but not included in the measure of segment profit:					
Share of results of associates	810,056	—	833,316	—	1,643,372
Share of results of joint ventures	89,372	—	956	—	90,328
Finance costs	(942,798)	(315,564)	(815,747)	(1,761,687)	(3,835,796)
Income tax expense	(999,481)	(20,961)	(90,720)	(68,052)	(1,179,214)

Geographical information

The Group's operations are principally located in the PRC. All of the Group's revenue from external customers are attributed to customers located in the PRC. The Group's non-current assets excluding financial instruments and deferred income tax assets, which amounted to HK$174,391,950,000 as at 31 December 2013 (2012: HK$149,079,202,000) are located in the PRC, other than Hong Kong.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013 HK$'000	2012 HK$'000
Customer A	**17,527,261**	21,066,113
Customer B	**7,936,571**	11,271,958
Customer C	**7,724,256**	7,563,268

Note: The customers quoted relate to the electricity generation and thermal heat segments.

6 PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY

Group

	Buildings HK$'000	Power generating plant and equipment HK$'000	Mining structures HK$'000	Motor vehicles, furniture, fixtures, equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2012						
Cost	17,475,225	74,366,378	1,590,148	1,873,121	20,146,334	115,451,206
Impairment	(159,996)	(88,569)	—	(35,337)	—	(283,902)
Accumulated depreciation	(3,616,660)	(14,209,002)	(283,343)	(639,748)	—	(18,748,753)
Net book amount	13,698,569	60,068,807	1,306,805	1,198,036	20,146,334	96,418,551
Year ended 31 December 2012						
Opening net book amount	13,698,569	60,068,807	1,306,805	1,198,036	20,146,334	96,418,551
Exchange differences	(14,700)	24,590	345	(696)	(245,156)	(235,617)
Acquisition of a subsidiary	—	—	—	—	1,076,245	1,076,245
Additions	706,602	1,133,139	146,555	164,926	10,411,987	12,563,209
Transfer	5,790,880	11,321,885	—	136,375	(17,249,140)	—
Disposals	—	(12,897)	—	(2,259)	—	(15,156)
Impairment	(125,934)	(23,514)	—	(7,476)	(167,302)	(324,226)
Depreciation charge	(1,185,238)	(4,199,191)	(110,788)	(327,156)	—	(5,822,373)
Closing net book amount	18,870,179	68,312,819	1,342,917	1,161,750	13,972,968	103,660,633
At 31 December 2012						
Cost	24,002,186	86,832,505	1,736,703	2,118,773	14,140,270	128,830,437
Impairment	(263,937)	(81,724)	—	(72,033)	(167,302)	(584,996)
Accumulated depreciation	(4,868,070)	(18,437,962)	(393,786)	(884,990)	—	(24,584,808)
Net book amount	18,870,179	68,312,819	1,342,917	1,161,750	13,972,968	103,660,633
Year ended 31 December 2013						
Opening net book amount	**18,870,179**	**68,312,819**	**1,342,917**	**1,161,750**	**13,972,968**	**103,660,633**
Exchange differences	**418,784**	**1,903,349**	**28,053**	**33,968**	**491,082**	**2,875,236**
Acquisition of subsidiaries (Note 45)	**648,580**	**4,754,725**	**462,900**	**51,900**	**4,009,274**	**9,927,379**
Additions	**—**	**211,908**	**37,653**	**249,118**	**22,545,524**	**23,044,203**
Transfer	**3,083,982**	**7,146,311**	**(1,131,178)**	**—**	**(9,099,115)**	**—**
Disposals	**(65,724)**	**(89,593)**	**—**	**(925)**	**(5)**	**(156,247)**
Impairment	**(107,853)**	**(138,326)**	**(8,825)**	**—**	**(546,216)**	**(801,220)**
Depreciation charge	**(1,444,480)**	**(5,215,058)**	**(146,535)**	**(164,869)**	**—**	**(6,970,942)**
Closing net book amount	**21,403,468**	**76,886,135**	**584,985**	**1,330,942**	**31,373,512**	**131,579,042**
At 31 December 2013						
Cost	**29,838,741**	**108,042,023**	**1,339,656**	**2,550,304**	**32,157,336**	**173,928,060**
Impairment	**(381,819)**	**(214,696)**	**(8,965)**	**(5,205)**	**(783,824)**	**(1,394,509)**
Accumulated depreciation	**(8,053,454)**	**(30,941,192)**	**(745,706)**	**(1,214,157)**	**—**	**(40,954,509)**
Net book amount	**21,403,468**	**76,886,135**	**584,985**	**1,330,942**	**31,373,512**	**131,579,042**

6 PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY *(continued)*

Depreciation expenses of HK$6,915,411,000 and HK$55,531,000 (2012: HK$5,789,430,000 and HK$32,943,000) has been recorded in operating expenses and construction in progress, respectively.

During the year, certain coal mining structures were identified by management as will no longer bring economic benefit to the Group following the changes in the Group's business plan, local regulation requirements and/or technical developments. The Group has made an impairment charge of HK$618,217,000 accordingly.

Certain power generating plants were determined to be closed down and disposed, consequently the Group has made an impairment charge of HK$183,003,000, after considering any possible benefit receivable during the disposal process.

The impairment charges related to property, plant and equipment amounting to HK$801,220,000 (2012: HK$324,226,000) has been recorded in operating expenses. The movement on the provision for impairment of property, plant and equipment of the Group are as follows:

	Coal-fired power		Coal mining	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
At 1 January	**91,774**	111,718	**493,222**	172,184
Exchange differences	**3,471**	—	**17,474**	(3,188)
Impairment charged to profit or loss	**183,003**	(86)	**618,217**	324,226
Disposals	—	(19,858)	**(12,652)**	—
At 31 December	**278,248**	91,774	**1,116,261**	493,222

The recoverable amount of each property, plant and equipment are based on their fair value less costs to sell.

Construction work in progress as at 31 December 2013 mainly comprises infrastructure contruction of coal companies, technical reformation projects of power plants and new power plants being constructed in the PRC.

During the year, the Group has capitalised borrowing costs amounting to HK$770,986,000 (2012: HK$590,550,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its borrowings of 5.30% (2012: 5.80%).

As at 31 December 2013, total net book value of property, plant and equipment pledged as collateral for the Group's bank borrowings amounted to HK$4,541,285,000 (2012: HK$5,955,672,000)(Note 31).

As at 31 December 2013, the ownership certificates of certain buildings ("Building Ownership Certificates") of the Group with an aggregate carrying value of approximately HK$3,597,512,000 (2012: HK$12,389,203,000) had not been obtained by the Group. After consultation made with the Company's legal counsel, the directors of the Company consider that there is no legal restriction for the Group to apply for and obtain the Building Ownership Certificates and it should not lead to any significant adverse impact on the operations of the Group.

6 PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY *(continued)*

Company

	Motor Vehicles HK$'000	Leasehold Improvement HK$'000	Furniture & Fixtures HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2012					
Cost	3,942	3,415	12,574	—	19,931
Accumulated depreciation	(3,576)	(1,987)	(9,256)	—	(14,819)
Net book amount	366	1,428	3,318	—	5,112
Year ended 31 December 2012					
Opening net book amount	366	1,428	3,318	—	5,112
Exchange differences	(12)	(1)	(1)	260	246
Additions	13,828	3,672	25	76,752	94,277
Disposals	(1,597)	—	(1,341)	—	(2,938)
Depreciation charge	(1,471)	(2,179)	(424)	—	(4,074)
Closing net book amount	11,114	2,920	1,577	77,012	92,623
At 31 December 2012					
Cost	22,646	13,906	6,794	77,012	120,358
Accumulated depreciation	(11,532)	(10,986)	(5,217)	—	(27,735)
Net book amount	11,114	2,920	1,577	77,012	92,623
Year ended 31 December 2013					
Opening net book amount	**11,114**	**2,920**	**1,577**	**77,012**	**92,623**
Exchange differences	**285**	**2**	**12**	**7,428**	**7,727**
Additions	**2,595**	**4,213**	**486**	**188,537**	**195,831**
Depreciation charge	**(1,871)**	**(2,074)**	**(390)**	—	**(4,335)**
Closing net book amount	**12,123**	**5,061**	**1,685**	**272,977**	**291,846**
At 31 December 2013					
Cost	**24,977**	**18,170**	**7,335**	**272,977**	**323,459**
Accumulated depreciation	**(12,854)**	**(13,109)**	**(5,650)**	—	**(31,613)**
Net book amount	**12,123**	**5,061**	**1,685**	**272,977**	**291,846**

7 PREPAID LEASE PAYMENTS - GROUP

The Group's prepaid lease payments are related to leases of land located in the PRC and their net book value are analysed as follows:

	2013 **HK$'000**	2012 HK$'000
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**2,581,347**	2,344,146
Leases of less than 10 years	**166,336**	28,433
	2,747,683	2,372,579

Certain bank borrowings of the Group are secured by land leases at an aggregate carrying amount of HK$40,942,000 (2012: HK$30,475,000)(Note 31).

	2013 **HK$'000**	2012 HK$'000
At 1 January	**2,372,579**	2,301,477
Additions	**298,363**	152,702
Acquistion of subsidiaries (Note 45)	**90,703**	—
Amortisation charge	**(70,794)**	(82,034)
Disposal	**(1,886)**	—
Exchange differences	**58,718**	434
At 31 December	**2,747,683**	2,372,579

Amortisation of HK$66,718,000 and HK$4,076,000 (2012: HK$81,276,000 and HK$758,000) has been recorded in operating expenses and construction in progress, respectively.

As at 31 December 2013, land use right certificates ("Land Certificates") of certain parcels of land of the Group with an aggregate carrying value of HK$268,194,000 (2012: HK$324,591,000) had not been obtained. After consultation made with the Company's legal counsel, the directors consider that there is no legal restriction for the Group to apply for and obtain the Land Certificates and it should not lead to any significant adverse impact on the operations of the Group.

8 MINING RIGHTS AND EXPLORATION AND RESOURCES RIGHTS – GROUP

(a) Mining rights

	2013 HK$'000	2012 HK$'000
At 1 January		
Cost	**14,864,560**	11,202,743
Accumulated amortisation	**(812,779)**	(499,036)
Opening net book amount	**14,051,781**	10,703,707
Exchange differences	**431,063**	23,207
Acquisition of a subsidiary (Note 45)	**7,073,012**	1,981,320
Additions	**242,365**	1,655,980
Impairment	**(27,619)**	—
Amortisation charge	**(389,339)**	(312,433)
Closing net book amount	**21,381,263**	14,051,781
At 31 December		
Cost	**22,611,089**	14,864,560
Impairment	**(27,708)**	—
Accumulated amortisation	**(1,202,118)**	(812,779)
Net book amount	**21,381,263**	14,051,781

Amortisation is provided to write off the cost of the mining rights using the unit of production method based on the proved and probable reserves of the coal mines. Amortisation of HK$389,339,000 (2012: HK$312,433,000) and impairment of HK$27,619,000 have been recorded in operating expenses.

During the year, due to the restructuring of certain coal mines, the Group performed impairment review for certain mining rights based on pre-tax cash flow projection. The first 5 years derived from the most recent financial budgets approved by management, while the forecast beyond 5 years is compiled based on the financial budget and assumes no growth. The key assumptions used for value-in-use calculation are as follows:

Growth in selling prices	—
Discount rate	13%

8 MINING RIGHTS AND EXPLORATION AND RESOURCES RIGHTS – GROUP

(continued)

(b) Exploration and resources rights

	2013 HK$'000	2012 HK$'000
At 31 December 2012	—	—
Additions	**168,604**	—
Exchange differences	**3,961**	—
At 31 December 2013	**172,565**	—

9 INVESTMENTS IN AND LOANS TO/(FROM) SUBSIDIARIES – COMPANY

	2013 HK$'000	2012 HK$'000
Unlisted shares/capital contribution, at cost (a)	**24,807,170**	18,790,166
Loans to subsidiaries (b)	**10,009,672**	3,420,704
	34,816,842	22,210,870
Loans from subsidiaries (c)	**5,835,750**	5,835,750

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries

As at 31 December 2013, the investments in principal subsidiaries of the Company and their subsidiaries, all of which are unlisted, were as follows:

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Resources Shajiao C Investments Limited 香港潤朗沙角投資有限公司	Hong Kong	Ordinary shares – HK$10,000	—	90	10	Investment holding
China Resources Power (Jiangsu) Investment Company Limited ("Jiangsu Investment") 華潤電力(江蘇)投資有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB1,500,000,000	—	100	—	Investment holding
Nanjing Chemical Industry Park Thermoeletricity Co., Ltd. ("Nanjing Chemical") 南京化學工業園熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – US$21,800,000	—	90	10	Operation of a power station
Jiang Su Nanre Power Generation Co. Ltd. ("Jiang Su Nanre") 江蘇南熱發電有限責任公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB 650,000,000 Paid-up capital – RMB 764,000,000	—	100	—	Operation of a power station
China Resources Power Dengfeng Co., Ltd. 華潤電力登封有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB1,260,000,000	—	85	15	Operation of a power station
China Resources (Luoyang) Thermal Power Co., Ltd. 洛陽華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB80,000,000	—	51	49	Operation of a power station
China Resources Power (Changshu) Co., Ltd. 華潤電力(常熟)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – US$173,520,000	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Power Hunan Liyujiang Co., Ltd. ("Hunan Liyujiang") 湖南華潤電力鯉魚江有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB573,660,000	—	60	40	Operation of a power station
China Resources Power Hubei Co., Ltd. 華潤電力湖北有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB 1,986,000,000 Paid-up capital – RMB 2,330,207,262	—	100	—	Operation of a power station
China Resources (Jiaozuo) Thermal Power Co., Ltd. 焦作華潤熱電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB267,540,000 Paid-up capital – RMB218,548,500	—	100	—	Operation of a power station
China Resources Power Performance Co., Ltd.	The British Virgin Islands , Company Limited by Shares	Share – HK$0.01	100	—	—	Investment holding
Tangshan China Resources Thermal Power Co., Ltd. 唐山華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB270,490,000	—	80	20	Operation of a power station
China Resources Power (Tangshan Caofeidian) Co., Ltd 華潤電力(唐山曹妃甸)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB783,000,000	—	90	10	Operation of a power station
China Resources Power Project Service Co., Ltd. 華潤電力工程服務有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – HK$50,000,000	100	—	—	Power station project consultancy services
CR Power Fuel (Henan) Co., Ltd. 華潤電力燃料(河南)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – HK$140,390,000 Paid-up capital – HK$127,254,108	—	100	—	Sale of coal

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
Hu Nan CR Coal Industry Co., Ltd 湖南華潤煤業有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – US$29,990,000	—	100	—	Coal mining
Shantou Dan Nan Wind Power Co., Ltd. 汕頭丹南風能有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – US$10,000,000	—	55	45	Operation of a power station
Guangzhou China Resources Thermal Co. Ltd. 廣州華潤熱電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB1,100,000,000	—	100	—	Operation of a power station
China Resources Golden Concord (Beijing) Co-Generation Power Co. Ltd. 華潤協鑫(北京)熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB247,100,000	—	51	49	Operation of a power station
Fuyang China Resources Power Co., Ltd. 阜陽華潤電力有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB1,259,000,000 Paid-up capital – RMB919,000,000	—	55	45	Operation of a power station
Yunnan China Resources Power (Honghe) Co., Ltd. 雲南華潤電力(紅河)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB279,400,000	—	70	30	Operation of a power station
Yanshi China Resources Transport Co., Ltd. (iv) ("Yanshi Transport") (iv) 偃師華潤運輸有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB11,000,000	—	46.37	53.63	Provision of local logistic services
China Resources Power Maintenance Henan Co., Ltd. ("Maintenance Henan") 華潤電力檢修(河南)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB10,100,000	—	100	—	Power station maintenance service
Panzhihua China Resources Hydro Power Development Co., Ltd. 攀枝花華潤水電開發有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and Paid-up capital – RMB50,000,000	—	70	30	Development of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
Shenzhen South China Energy Co., Ltd. 深圳南國能源有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB50,000,000	—	100	—	Investment holding
China Resources Power Investment Co., Ltd 華潤電力投資有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB15,800,000,000 Paid-up capital – RMB13,082,904,778	100	—	—	Investment holding
China Resources Cangzhou Co-generation Co., Ltd. 滄州華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and Co-generation – RMB550,000,000	—	95	5	Operation of a power station
China Resources Power (Jinzhou) Co., Ltd. ("Jinzhou Power Company") 華潤電力(錦州)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB764,922,500	—	100	—	Operation of a power station
Xuzhou Huaxin Power Generation Co., Ltd. ("Xuzhou Huaxin") 徐州華鑫發電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB480,000,000	—	72	28	Operation of a power station
China Resources Tianneng Xuzhou Coal & Power Co., Ltd. ("Xuzhou Tianneng") 華潤天能徐州煤電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB109,364,623 Paid-up capital – RMB99,724,737	—	100	—	Exploration and sale of coal and operation of a power station
China Resources Wind Power (Shantou) Co. Ltd. 華潤電力風能(汕頭)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB73,460,329	—	100	—	Operation of a power station
China Resources Power (Xingning) Co., Ltd. 華潤電力(興寧)有限公司	PRC , Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB337,500,000	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Wind Power (Chengde) Co., Ltd. 華潤電力風能(承德)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB176,332,198 Paid-up capital – RMB176,320,000	—	100	—	Operation of a power station
China Resources Power (Jining) Co., Ltd. 華潤電力(濟寧)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB195,000,000	90	—	10	Development of a power station
China Resources Power (Heze) Co., Ltd. 華潤電力(荷澤)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB1,240,000,000 Paid-up capital – RMB991,628,836	90	—	10	Operation of a power station
China Resources Power (Lianyuan) Co., Ltd. 華潤電力(漣源)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB578,000,000	—	100	—	Operation of a power station
Shenyang China Resources Thermal Power Co., Ltd. ("Shenyang Power Company") (v) 瀋陽華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB566,380,000	—	54	46	Operation of a power station
Inner Mongolia Dengkou Jinniu Coal and Power Co., Ltd. 內蒙古磴口金牛煤電有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB552,000,000	—	75	25	Operation of a power station
China Resources Wind Power (Yan Tai) Co., Ltd. 華潤電力風能(煙台)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital – RMB198,585,700 Paid-up capital – RMB194,468,645	—	95	5	Operation of a power station
China Resources Wind Power (Shantouchaonan) Co., Ltd. 華潤電力風能(汕頭潮南)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB457,949,500 Paid-up capital – RMB360,040,324	—	100	—	Operation of a power station
China Resources Power (Liuzhi) Co., Ltd 華潤電力(六枝)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – USD49,000,000	100	—	—	Development of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Henan Tianzhong Coal Mining Co., Ltd 河南天中煤業有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB200,000,000	—	100	—	Coal mining
China Resources Power (Wenzhou) Co., Ltd ("Wenzhou Co") (iii) 華潤電力(溫州)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered capital RMB2,000,000,000 Paid-up capital – RMB1,667,972,355	75	—	25	Development of a power station
China Resources Nanjing Co-generation Co., Ltd 南京華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB728,000,000	—	65	35	Operation of a power station
Shanxi China Resources Liansheng Energy Investment Co., Ltd. ("Shanxi CR Liansheng") (vi) 山西華潤聯盛能源投資有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB3,800,000,000	—	51	49	Coal mining
Sichuan China Resources Yazui River Hydro Power Development Co., Ltd. 四川華潤鴨嘴河水電開發有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB473,750,000	—	51	49	Operation of a power station
Xuzhou Huaxing Investment Co., Ltd. ("Xuzhou Huaxing") 徐州華興投資有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB405,610,000	—	51	49	Investment holding
Yunnan China Resources Power (Xishuangbanna) Co., Ltd. 雲南華潤電力(西雙版納)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB20,000,000	—	95	5	Development of a power station
China Resources Power (Yichang) Co., Ltd. 華潤電力(宜昌)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – USD30,000,000 Paid-up capital – USD14,994,296	—	100	—	Development of a power station
China Resources Wind Power (Huilai) Co., Ltd. 華潤電力風能(惠來)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB120,025,763	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
China Resources Wind Power (Weihai) Co., Ltd. 華潤電力風能(威海)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB128,732,760	—	100	—	Operation of a power station
China Resources Wind Power (Yangjiang) Co., Ltd. 華潤電力風能(陽江)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB235,155,860	—	100	—	Operation of a power station
China Resources Wind Power (Yantai Penglai) Co., Ltd. 華潤電力風能(煙台蓬萊)有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB 171,505,465	—	95	5	Operation of a power station
China Resources Wind Power(Chengde Yudaokou) Co., Ltd. 華潤電力風能(承德禦道口)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB 379,585,074	—	100	—	Operation of a power station
AACI SAADEC(HK) Holdings Limited ("AACI (HK)")	Hong Kong	Ordinary shares – US$1,290; non-voting shares – US$30,016,000	—	100	—	Investment holding
Hunan China Resources Tangdong Coal Mining Co., Ltd. 湖南華潤煤業唐洞煤礦有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB15,000,000	—	77.73	22.27	Coal mining
China Resources Wind Power Inner Mongolia Ba Yinhile Co., Ltd. 華潤電力風能內蒙古巴音錫勒有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB171,420,000 paid-up capital – RMB237,200,000	—	100	—	Operation of a power station
China Resources Wind Power (Shantou Haojiang) Co., Ltd. 華潤電力風能(汕頭濠江)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB56,002,238	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Wind Power (Chengde Weichang) Co., Ltd. 華潤電力風能(承德圍場)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB162,684,117 paid-up capital – RMB162,616,100	—	100	—	Operation of a power station
China Resources Wind Power (Guazhou) Co., Ltd. 華潤電力風能(瓜州)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB418,059,847	—	100	—	Operation of a power station
China Resources Wind Power (Penglaidaliuhang) Co., Ltd. 華潤電力風能(蓬萊大柳行)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB196,600,000 paid-up capital – RMB128,723,570	—	100	—	Operation of a power station
China Resources Wind Power (Fuxin) Co., Ltd. 華潤電力風能(阜新)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB228,854,322 paid-up capital – RMB228,911,500	—	100	—	Operation of a power station
China Resources Wind Power (Jianping) Co., Ltd. 華潤電力風能(建平)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB 237,001,167	—	100	—	Operation of a power station
Shanxi China Resources Coal Company Limited ("Shanxi Coal") 山西華潤煤業有限公司	PRC, Sino-Foreign Equity Joint Venture (Note 45)	Registered and paid-up capital – RMB800,000,000	—	75.5	24.5	Coal mining
Shanxi China Resources Daning Energy Co., Ltd ("Shanxi China Resources Daning") (ii) 山西華潤大寧能源有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – USD53,600,000	—	51	49	Coal mining
Elite Wing Limited 英飛有限公司 (ii)	The British Virgin Islands , Wholly Foreign Owned Enterprise	Ordinary shares – US$50,000 Issued shares – US$11	100	—	—	Investment holding

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources New Energy (Suixian Tianhekou) Wind Power Limited (ii) 華潤新能源(隨縣天河口)風能有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB115,500,400 Paid-up capital – RMB323,647,913	—	100	—	Development of a power station
China Resources Tianneng Xuzhou Mining Development Co., Ltd 華潤天能徐州礦業開發有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB7,500,000	—	100	—	Coal mining
Guizhou Tianrun Mining Co., Ltd 貴州天潤礦業有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB100,000,000	—	100	—	Coal mining
Shenyang China Resources Thermal Co., Ltd (i) 瀋陽華潤熱力有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB5,000,000	—	100	—	Operation of a heat and power co-gen station
China Resources Power Tangshan Fengrun Company Limited (i) 華潤電力唐山豐潤有限公司	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB690,135,000 Paid-up capital – RMB241,547,250	—	60	40	Operation of a power station
China Resources New Energy (Fuxin) Wind Power Limited Company 華潤新能源(阜新)風能有限公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB135,460,000 Paid-up capital – RMB99,573,600	—	100	—	Operation of a power station
China Resources New Energy (Zoucheng) Wind Power Limited Company 華潤新能源風能(鄒城)有限公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB111,730,000 Paid-up capital – RMB40,575,600	—	100	—	Operation of a power station
China Resources New Energy (Rongxian) Wind Power Limited Company 華潤新能源(容縣)風能有限責任公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB139,000,000 Paid-up capital – RMB47,490,380	—	100	—	Operation of a power station

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
			Directly	Indirectly		
China Resources New Energy (Putian) Wind Power Limited Company 華潤新能源(莆田)風能有限公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB110,000,000 Paid-up capital – RMB0	—	100	—	Development of a power station
China Resources New Energy (Linyi) Wind Power Limited Company 華潤新能源(臨沂)有限公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB116,660,000 Paid-up capital – RMB26,243,953	—	100	—	Operation of a power station
China Resources New Energy (Jinping) Wind Power Limited Company 華潤新能源(錦屏)風能有限責任公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered capital – RMB145,349,300 Paid-up capital – RMB29,275,510	—	100	—	Operation of a power station
Panjin Rundian Thermal Limited Company 盤錦潤電熱力有限公司(i)	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB10,000,000	—	100	—	Operation of a heat and power co-gen station
China Resources Power (Tongshan) Co., Ltd. (Tongshan Power) (vii) 銅山華潤電力有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB1,500,0000,000	—	54.5	45.5	Operation of a power station
China Resources Wind Power Development Company Limited 華潤電力(風能)開發有限公司	Hong Kong	Ordinary shares – HK$1,000	—	100	—	Investment holding

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

Name of subsidiary	Place of incorporation and operation and kind of legal entity	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%) Directly	Percentage of equity interest held (%) Indirectly	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
China Resources Power Hunan Co., Ltd. 華潤電力湖南有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RMB1,361,000,000	—	100	—	Operation of a power station
China Resources Power Henan Shouyangshan Co., Ltd. 河南華潤電力首陽山有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB1,237,500,000	—	85	15	Operation of a power station
China Resources Cangzhou Co-Generation Co., Ltd. 滄州華潤熱電有限公司	PRC, Sino-Foreign Equity Joint Venture	Registered and paid-up capital – RMB 550,000,000	—	95	5	Operation of a heat and power co-gen station
China Resources Coal (Group) Co., Ltd 華潤煤業(集團)有限公司	PRC, Wholly Foreign Owned Enterprise	Registered and paid-up capital – RM200,000,000	—	100	—	Coal mining

(i) Established in 2013.

(ii) Acquired in 2013 (Note 45).

(iii) In 2013, the Group disposed 25% interests in Wenzhou Co. to non-controlling interest for a cash consideration of RMB192,380,000. The difference between the fair value of the consideration received and the relevant share of the carrying amount of net assets of Wenzhou Co. disposed amounting to HKD41,458,000 was recorded in capital reserve of equity. After the partial disposal, the interest in Wenzhou Co. held directly by the Company decreased from 100% to 75%.

(iv) Although the Group owns less than half of the equity interests in Yanshi Transport, it holds 57.14% of the voting rights by virtue of an agreement with other investors. Consequently, the Group consolidates Yanshi Transport.

(v) The Group holds 55.56% of the voting right of Shenyang Power Company.

(vi) The Group holds 66% of the voting right of Shanxi CR Liansheng.

(vii) The Group holds 55.56% of the voting right of Tongshan Power.

9 INVESTMENTS IN AND LOAN TO/(FROM) SUBSIDIARIES - COMPANY *(continued)*

(a) Investments in subsidiaries *(continued)*

The above table lists the principal subsidiaries of the Group which in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The subsidiaries incorporated in the PRC are all limited liability companies.

According to the assessment of directors of the Company, as at 31 December 2013, there is no individual subsidiary with material non-controlling interests, therefore, no information on subsidiaries with material non-controlling interests is disclosed.

Significant restrictions

Cash and short-term deposits of HK$5,605,165,000 are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

(b) Loans to subsidiaries

As at 31 Decmeber 2013, the amounts are unsecured, bear interest at rate from zero to 6.01% per annum, denominated in HK$2,080,000,000, US$305,000,000 and RMB4,375,000,000 respectively, and repayable in 2017.

As at 31 December 2013, the fair values of loans to subsidiaries approximate their carrying amounts.

(c) Loan from a subsidiary

As at 31 Decmeber 2013, the amount is unsecured, bears fixed interest rate at 7.25% (2012: 7.25%) per annum, denominated in HK dollar and repayable on demand.

As at 31 December 2013, the fair values of loan from a subsidiary approximate their carrying amounts.

According to the assessment of directors of the Company, as at 31 December 2013, there is no individual subsidiary with material non-controlling interests, therefore, no information on subsidiaries with material non-controlling interests is disclosed.

Notes to the Consolidated Financial Statements

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY

(a) Investments in associates

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 1 January	**19,060,119**	18,294,014	**2,712,810**	2,592,139
Capital contribution to associates	**481,430**	207,311	—	120,671
Disposal of an associate (Note i)	**(6,789,476)**	(141,319)	—	—
Share of results of associates	**1,205,388**	1,643,372	—	—
Dividends	**(1,281,920)**	(884,210)	—	—
Impairment charge	**(46,723)**	(46,723)	—	—
Other comprehensive income	**195,710**	106,946	—	—
Exchange differences	**171,245**	(119,272)	—	—
At 31 December	**12,995,773**	19,060,119	**2,712,810**	2,712,810

Note i:

Pursuant to the shareholders' agreement of Shanxi China Resources-Daning, the Group has the right to appoint 4 out of 7 directors of the entity. However, approval of 5 out of 7 of the board members is required in respect of certain key financial and operating matters. The directors of the Company consider that the Group does not have control over Shanxi China Resources-Daning but is able to exercise significant influence in the operation thereof before 5 March 2013. On 5 March 2013, all the 2 directors appointed by another equity shareholder, Shanxi Lanhua Science and Technology Company Ltd., entered into an Acting in Concert Undertaking with the Group and agreed to vote in favour in board meetings resolutions proposed by the Group, as a result, Shanxi China Resources-Daning began to be accounted for as a subsidiary of the Group (Note 45).

Included in the Group's cost of investment in associates is goodwill of HK$817,344,000 (2012: HK$864,067,000) arising on acquisition of certain associates, the changes in 2013 represent the impairment charge of approximately HK$46,723,000.

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY
(continued)

(a) Investments in associates *(continued)*

As at 31 December 2013, the investments in principal associates of the Group, all of which are unlisted, were as follows:

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Guangdong Guanghope Power Co., Ltd. ("Guangdong Guanghope") 廣東廣合電力有限公司 (Note i) (Sino-Foreign Co-operative Joint Venture)	PRC	Registered capital – US$391,600,000 Paid-up capital – US$241,600,000	—	35.08	Operation of a power station
Hebei Harv Power Generation Company Limited ("Hebei Harv Power") 河北衡豐發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB777,000,000	—	25	Operation of a power station
Zhejiang Wenzhou Telluride Power Generating Company Limited ("Zhejiang Wenzhou Telluride") 浙江溫州特魯萊發電有限責任公司 (Sino-Foreign Co-operative Joint Venture)	PRC	Registered and paid-up capital – RMB796,120,000	—	40	Operation of a power station
China Resources (Xuzhou) Electric Power Co., Ltd. ("CR Xuzhou Eletric Power") 徐州華潤電力有限公司 (Note ii) (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB863,110,000	—	35	Operation of a power station
Hengshui Hengxing Power Generation Company Limited 衡水恒興發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB475,000,000	—	25	Operation of a power station
Henan Yonghua Energy Co., Ltd. ("Henan Yonghua Energy") 河南永華能源有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB300,000,000	—	41.65	Exploration and sale of coal
Zhengzhou Huayuan Coal Mining Co., Ltd. 鄭州華轅煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB750,000,000	—	30.67	Exploration and sale of coal

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Yangzhou No. 2 Power Generation Co.,Ltd ("Yangzhou No. 2 Power") 揚州第二發電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB1,692,000,000	45	—	Operation of a power station
Guizhou Hualong Coal Mining Co., Ltd. 貴州華隆煤業有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB 800,000,000	49	—	Coal mining
Jiangsu Zhenjiang Power Generation Co., Ltd ("Jiangsu Zhengjiang Power") 江蘇鎮江發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB1,482,200,000	—	42.5	Operation of a power station
Zhangjiagang Shazhou Power Corporation ("Zhangjiagang Shazhou Power") 張家港沙州電力有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB1,000,000,000	—	20	Operation of a power station
Guodian Changzhou Power Corporation ("Guodian Changzhou Power") 國電常州發電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB1,000,000,000	—	25	Operation of a power station
Xuzhou Chacheng Electric Power Co., Ltd. 徐州垞城電力有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB360,000,000	—	27.41	Operation of a power station
Taiyuan China Resources Coal Co., Ltd. ("Taiyuan China Resources Coal") 太原華潤煤業有限公司 (Note iii) (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB4,000,000,000	—	24.99	Coal mining
Hunan Taohuajiang Nuclear Power Co., Ltd ("Hunan Taohuajiang Nuclear") 湖南桃花江核電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB649,600,000	—	25	Operation of a power station

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY *(continued)*

(a) Investments in associates *(continued)*

Name of associate	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Shanxi Jinrun Coal and Power Co., Ltd. 山西晋潤煤電有限責任公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB750,000,000	40	—	Operation of a power station
Chongqing Energy(Guizhou) Coal and Power Co., Ltd 重慶能源(貴州)煤電有限公司 (Sino-Foreign Equity Joint Venture)	PRC	Registered and paid-up capital – RMB100,000,000	—	49	Operation of a power station
China Resources Lanhua (Jincheng) Pharmaceutical Co. Ltd. 華潤蘭花(晋城)藥業有限公司*	PRC	Registered capital – RMB50,000,000 paid-up capital – RMB42,500,000	—	30	Purchase, plant and sale of Chinese medicine

* Refers to companies newly established in 2013.

Notes:

i. One of the Company's subsidiaries entered into a joint venture contract and supplemental agreements with Guangdong Province Shajiao (Plant-C) Power Generation Corporation for the construction, operation and management of the Guangdong Province Shajiao C Power Station in Guangdong Province of the PRC, which are undertaken by Guangdong Guanghope, a co-operative joint venture company established in the PRC. The co-operation period commenced on 15 June 1992 and will expire in June 2016, which is 20 years after the completion date of construction of the power station in June 1996. Upon expiry of the co-operation period, all the remaining assets of Guangdong Guanghope will be handed over to the PRC partner without any compensation.

ii. As defined under the shareholder's agreement of China Resources (Xuzhou) Electric Power Company Limited ("Xuzhou Power"), two third of the board members' approval is required to decide on certain key financial and operating matters. Since the Group only has the right to appoint 4 out of 7 directors of the entity, the directors of the Company consider that the Group does not have control over the Company but it is able to exercise significant influence in its operations. Therefore, Xuzhou Power is accounted for as an associate of the Group.

iii. The Group holds 49% interest in Taiyuan China Resources Coal. Under the provisions of the shareholder's agreement entered into by the three shareholders of Taiyuan China Resources Coal, two third of the board members' approval is required to decide on certain key financial and operating matters. Since the Group has the right to appoint 4 out of 9 directors of the entity, the directors of the Company consider that the Group does not have control over Taiyuan China Resources Coal but it is able to exercise significant influence in the operations thereof.

10 INVESTMENTS IN AND LOANS TO ASSOCIATES - GROUP AND COMPANY

(continued)

(a) Investments in associates *(continued)*

The above table lists the associates of the Group which in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

All the associates are limited liability companies and there are no quoted market prices available for their shares.

There were no material contingent liabilities relating to the Group's interest in the associates as of 31 December 2013.

The summarised financial information in respect of the Group's interests in associates is set out below:

	Group	
	2013 HK$'000	2012 HK$'000
Total assets	**69,466,913**	72,275,653
Total liabilities	**38,724,169**	38,706,943
Net assets	**30,742,744**	33,568,710
Group's share of net assets of associates	**12,995,773**	19,060,119
Turnover	**34,490,590**	39,133,121
Profit or loss from continuing operations	**3,801,854**	5,305,168
Other comprehensive income	**525,215**	296,315
Total comprehensive income	**4,327,069**	5,601,483
Group's share of profit of associates for the year	**1,205,388**	1,643,372
Group's share of other comprehensive income of associates	**195,710**	106,946

According to the assessment of directors of the Company, as at 31 December 2013, no individual associate is material to the Group, therefore, no information on individual associate is disclosed.

(b) Loans to associates

	Group	
	2013 HK$'000	2012 HK$'000
Current	**839,447**	3,454,804

As at 31 December 2013, loans to associates are all denominated in RMB, unsecured, with annual interest rates levied at a range of 5.60% to 5.85%.

As at 31 December 2013, the fair values of loans to associates approximate their carrying amounts.

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY

(a) Investments in joint ventures

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
At 1 January	**1,728,980**	1,694,679	**777,874**	631,212
Transferred to investment in subsidiaries	—	(452,978)		—
Acquisition of a subsidiary (Note 45)	**82,631**	—	—	—
Capital contribution to joint ventures	**18,299**	266,841	**17,899**	146,662
Share of results of joint ventures	**755,556**	90,328	—	—
Dividends	**(680,181)**	—	—	—
Other comprehensive income	**(7,645)**	117,472	—	
Exchange differences	**(24,438)**	12,638	—	—
At 31 December	**1,873,202**	1,728,980	**795,773**	777,874

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

As at 31 December 2013, investments in joint ventures of the Group, all of which are unlisted and were accounted for using equity method, were as follows:

Name of joint venture	Place of incorporation and operation	Issued and fully paid share capital/ registered capital and paid-up capital	Percentage of equity interest held (%)		Principal activities
			Directly	Indirectly	
Tianjin Zhonghai China Resources Marine Shipping Company Limited (Note i) ("Tianjin Zhonghai CR Marine") 天津中海華潤航運有限公司	PRC	Registered and paid-up capital – RMB768,000,000	—	49	Provision of logistic Services
Resources J Energy Investment Limited ("Recourses J") (Note ii) 潤捷能源投資有限公司	Hong Kong	Registered capital – USD2,000,000 paid-up capital – USD1,602,000	50	—	Investment holding
China Resources Power (Hezhou) Co., Limited 華潤電力(賀州)有限公司	PRC	Registered capital – RMB1,724,000,000 Paid-up capital – RMB1,637,784,890	—	50	Operation of a power station
Yangcheng Asia-america Daning railway operation Co., Ltd 陽城華潤大寧鐵路專線營運有限公司 *	PRC	Registered and paid-up capital – RMB151,600,000	—	22.44	Railway operation
Lanhua Daning Coal Mining Co., Ltd 山西蘭花大寧煤炭有限公司 *	PRC	Registered and paid-up capital – RMB 26,200,000	—	22.78	Coal Mining
Lanhua Daning Electric Power Co., Ltd 山西蘭花大寧發電有限公司 *	PRC	Registered and paid-up capital – RMB 90,000,000	—	24.99	Operation of a Power station

* Obtained following the acquisition of a subsidiary in 2013 (Note 45(b)).

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

All the entities above are limited liability companies and there are no quoted market prices available for their shares.

There were no material contingent liabilities relating to the Group's interest in the joint ventures as of 31 December 2013.

Notes:

i. Under the shareholders' agreement and the Memorandum and Articles of Tianjin Zhonghai CR Marine, over two third of the board members' approval is required to decide on certain key financial and operating matters. The Group and the respective joint venture holder each hold 50% of the voting rights in the joint venture and hence the directors of the Company consider that the Group and the respective joint venture holder exercise joint control over Tianjin Zhonghai CR Marine.

ii. In 2010, the Group and an independent third party (the "Joint Venturer") entered into a share subscription agreement ("Share Subscription Agreement"), pursuant to which they formed a company, namely Resources J Energy Investment Limited ("Resources J"), of which the Group holds 50% of the issued capital and it controls 50% of the voting power in general meetings of Resources J. Resources J holds 100% indirect interest in China Resources Power (Hezhou) Co., Ltd. ("CRP Hezhou"), a company engaged in the development of a power station in the PRC. Resources J is jointly controlled by the Group and the Joint Venturer by virtue of contractual arrangements enacted between the two parties. Therefore, Resources J has been accounted for as a joint venture of the Group.

Pursuant to a Call Option Agreement entered into between the Group and the Joint Venturer dated 19 August 2010, the Joint Venturer granted the Group a call option at a consideration of HK$1 to acquire 16% equity interest ("Call Option Shares") in Resources J at a pre-determined consideration. The consideration is determined based on the capital contributed by the Joint Venturer attributable to the Call Option Shares plus interest accrued at a compound annual interest rate at 5.5%, reduced by the dividend received by the Joint Venturer in respect of the Call Option Shares and the interest on dividend received by the Joint Venturer in respect of the Call Option Shares. The call option can be exercised on any business day within the period from 17 December 2015 to 1 January 2016 ("Call Option Period"). In the opinion of the directors of the Company, the fair value of the call option was insignificant as of 31 December 2013.

Pursuant to Put Option Agreement entered into between the Group and the Joint Venturer dated 19 August 2010, the Group granted the Joint Venturer two put options at a consideration of HK$1. The first put option is to sell the 16% equity interest ("First Put Option Shares") in Resources J at a predetermined consideration. The first put option can be exercised on any business day within the period of 15 business days starting on the date upon the expiry of the above mentioned, i.e. from 2 January 2016 to 17 January 2016. The second put option is to sell the 34% equity interest ("Second Put Option Shares") in Resources J at a pre-determined consideration. The second put option may only be exercised on any business day within a period of 15 business days starting on the 5th anniversary date of the commencement of the commercial operations of CRP Hezhou, when the first and the second units of CRP Hezhou have passed the 168-hour reliability test, as supported by certain document(s) issued by Southern Grid or its authorised branch, or any other competent authority in the PRC after the test is passed.

The consideration is pre-determined based on capital contributed by the Joint Venturer attributable for First/Second Put Options Shares plus an interest computed at a compound annual interest at 5.5%, reduced by the dividend received by the Joint Venturer in respect of the First/Second Put Option Shares and the interest on dividend received by the Joint Venturer in respect of the First/Second Put Option Shares. In the opinion of the directors of the Company, the fair value of these two put options was in significant as of 31 December 2013.

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

The summarised financial information in respect of the Group's interests in joint ventures is set out below:

	2013			2012		
	Material joint ventures HK$'000	Others HK$'000	Total HK$'000	Material joint ventures HK$'000	Others HK$'000	Total HK$'000
Profit or loss from continuing operations	1,511,036	(4,634)	1,506,402	180,696	—	180,696
Post-tax profit or loss from discontinued operations	—	—	—	—	—	—
Other comprehensive income	(15,290)	—	(15,290)	234,944	—	234,944
Total comprehensive income	1,495,746	(4,634)	1,491,112	415,640	—	415,640

The summarised financial information in respect of the material joint ventures is set out below:

Summarised balance sheet

	2013		2012	
	Tianjin Zhonghai CR Marine HK$'000	Recourses J and its subsidiaries HK$'000	Tianjin Zhonghai CR Marine HK$'000	Recourses J and its subsidiaries HK$'000
Current				
Cash and cash equivalents	43,569	4,247	288,732	130,896
Other current assets (excluding cash)	320,416	1,406,010	43,313	1,534,239
Total current assets	363,985	1,410,257	332,045	1,665,135
Financial liabilities (excluding trade payables)	(1,541,337)	(259,335)	(579,233)	(1,378,680)
Other current liabilities (including trade payables)	(58,667)	(2,772,579)	(7,699)	(1,495,085)
Total current liabilities	(1,600,004)	(3,031,914)	(586,932)	(2,873,765)
Non-current				
Assets	2,266,469	6,617,358	1,242,469	7,058,187
Financial liabilities	—	(2,443,301)	—	(3,359,427)
Net assets	1,030,450	2,552,400	987,582	2,490,130

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

Summarised income statement and statement of comprehensive income

	2013		2012	
	Tianjin Zhonghai CR Marine HK$'000	**Recourses J and its subsidiaries HK$'000**	Tianjin Zhonghai CR Marine HK$'000	Recourses J and its subsidiaries HK$'000
Revenue	**383,291**	**5,728,850**	140,872	1,149,735
Depreciation and amortisation	**(508)**	**(377,511)**	(541)	(83,808)
Interest income	**4,430**	**1,611**	5,256	606
Interest expense	**(41,033)**	**(303,330)**	(2,815)	(78,942)
Profit before income tax	**18,636**	**1,499,419**	2,681	178,745
Income tax expense	**(6,880)**	**(139)**	(730)	—
Profit for the year	**11,756**	**1,499,280**	1,951	178,745
Other comprehensive income	**—**	**(15,290)**	—	234,944
Total comprehensive income	**11,756**	**1,483,990**	1,951	413,689
Dividends received from joint venture	**—**	**680,181**	—	—

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

11 INVESTMENTS IN AND LOANS TO JOINT VENTURES - GROUP AND COMPANY *(continued)*

(a) Investments in joint ventures *(continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

	2013		2012	
	Tianjin Zhonghai CR Marine HK$'000	Recourses J and its subsidiaries HK$'000	Tianjin Zhonghai CR Marine HK$'000	Recourses J and its subsidiaries HK$'000
Opening net assets at 1 January	987,582	2,490,130	739,109	1,677,110
Profit for the year	11,756	1,499,280	1,951	178,745
Capital injection	—	104,674	245,510	375,047
Dividends	—	(1,360,362)	—	—
Other comprehensive income	—	(15,290)	—	234,944
Exchange differences	31,112	(166,032)	1,012	24,284
Closing net assets at 31 December	1,030,450	2,552,400	987,582	2,490,130
Interest in joint ventures	504,920	1,276,200	483,915	1,245,065
Goodwill	—	—	—	—
Carrying value	504,920	1,276,200	483,915	1,245,065

(b) Loans to joint ventures

As at 31 December 2013, loans to joint ventures are unsecured, with annual interest rates of ranging from 6.48% to 8.28%. The amounts of HK$339,572,000 are overdue.

As at 31 December 2013, the fair values of loans to joint ventures approximate their carrying amounts.

12 GOODWILL - GROUP

The movements in the carrying amount of goodwill during the years are as follows:

	Goodwill HK$'000
At 1 January 2012	
Cost	4,250,384
Accumulated impairment loss	—
Net book amount	4,250,384
Year ended 31 December 2012	
Opening net book amount	4,250,384
Impairment charge	(274,000)
Exchange differences	(62,104)
Closing net book amount	3,914,280
At 31 December 2012	
Cost	4,188,280
Accumulated impairment loss	(274,000)
Net book amount	3,914,280
Year ended 31 December 2013	
Opening net book amount	3,914,280
Impairment charge	(949,652)
Exchange differences	162,313
Closing net book amount	**3,126,941**
At 31 December 2013	
Cost	4,367,210
Accumulated impairment loss	(1,240,269)
Net book amount	**3,126,941**

12 GOODWILL - GROUP *(continued)*

Impairment tests for goodwill:

Goodwill is allocated to the cash generating units ("CGUs") of the Company's subsidiaries within three segments, coal-fired power, renewable energy and coal mining, in different provinces in the PRC. The carrying amounts of major goodwill allocated to individual CGUs are as follows:

2013	**Opening HK$'000**	**Impairment HK$'000**	**Exchange difference HK$'000**	**Closing HK$'000**
Coal-fired power segment				
– Jinzhou Power Company	**1,337,977**	**(500,000)**	**43,446**	**881,423**
– Shenyang Power Company	**806,155**	**(300,000)**	**22,619**	**528,774**
– Other companies	**1,406,187**	—	**85,010**	**1,491,197**
Renewable energy segment	**29,812**	—	**934**	**30,746**
Coal mining segment	**334,149**	**(149,652)**	**11,238**	**194,801**
Total	**3,914,280**	**(949,652)**	**162,313**	**3,126,941**

2012	Opening HK$'000	Impairment HK$'000	Exchange difference HK$'000	Closing HK$'000
Coal-fired power segment				
– Jinzhou Power Company	1,512,259	(174,000)	(282)	1,337,977
– Shenyang Power Company	906,324	(100,000)	(169)	806,155
– Other companies	1,467,771	—	(61,584)	1,406,187
Renewable energy segment	29,818	—	(6)	29,812
Coal mining segment	334,212	—	(63)	334,149
Total	4,250,384	(274,000)	(62,104)	3,914,280

The recoverable amounts of each of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and operating expenses are based on past practices and expectations of future changes in the market.

12 GOODWILL - GROUP *(continued)*

As at 31 December 2013, the Group performed impairment review for goodwill based on pre-tax cash flow projection covering a period of shorter than the useful life of the property, plant and equipment and operation period of each of the CGU. The first 5 years derived from the most recent financial budgets approved by management, while the forecast beyond 5 years is compiled based on the financial budget and assumes no growth. The key assumptions used for value-in-use calculation are as follows:

Coal-fired power segment	2013
Gross margin	9%-27%
Growth rate	—
Discount rate	12%-13.7%

Coal mining segment	2013
Gross margin	21%-26%
Growth rate	—
Discount rate	12%-13%

For the purpose of impairment assessment, the Group has prepared the cash flow forecast to reflect the latest management's business plan and industry developments. One CGU in "coal-fired power" segment would stop the power generating by its three existing units of power plant from 2014 as the result of evolving PRC environment protection regulations, therefore the management revised the cashflow forecast of this CGU and recognized an impairment of HKD$500,000,000. Another CGU in the same segment now has lower budgeted power generating volume, as management, after considering its technical condition and latest regulations, believed that it would impose certain restrictions on its output. Accordingly an impairment charge of HKD$300,000,000 was made against goodwill. In addition, HKD$149,652,000 was charged for several other CGUs for similar reasons.

At 31 December 2013, if the discount rate had been 50 basis points higher/lower, the impairment charge of goodwill for the year ended 31 December 2013 would have been increased/decreased by approximately HK$200,330,000 and HK$212,240,000, respectively.

13 AVAILABLE-FOR-SALE INVESTMENTS AND LOAN TO AN AVAILABLE-FOR-SALE INVESTEE COMPANY - GROUP AND COMPANY

(a) Available-for-sale investments

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
At 1 January	1,319,116	1,101,266	99,421	70,265
Additions	40,666	245,340	8,937	29,156
Exchange difference	16,094	(27,490)	—	—
At 31 December	1,375,876	1,319,116	108,358	99,421

13 AVAILABLE-FOR-SALE INVESTMENTS AND LOAN TO AN AVAILABLE-FOR-SALE INVESTEE COMPANY - GROUP AND COMPANY *(continued)*

(a) Available-for-sale investments *(continued)*

Available-for-sale investments represent investments in unlisted equity securities issued by nine (2012: nine) limited liability entities registered in the PRC. According to the assessment of directors of the Company, the fair values of these investments approximate their carrying amounts as of 31 December 2013.

As at 31 December 2013, available-for sale investments are all denominated in RMB.

As at 31 December 2013, none of the carrying amounts of interests in each of the companies exceed 10% of total assets of the Group and the Company.

(b) Loan to an available-for-sale investee company

As at 31 December 2013, the loan to an available-for-sale investee company, is unsecured, denominated in RMB, carrying interest at the rate offered by the People's Bank of China for loan of the same maturity per annum and repayable in 2014.

As at 31 December 2013, the fair value of the loan to an available-for-sale investee company approximates its carrying amount.

14 PREPAYMENT FOR NON-CURRENT ASSETS - GROUP AND COMPANY

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Prepayments for acquisition of property, plant and equipment	**5,477,140**	3,093,066	**1,845**	1,789
Prepayments for acquisition of mining/exploration rights (i)	**1,483,024**	1,171,607	—	—
Prepayments for establishment of associates	**48,051**	140,896	**31,642**	31,642
Prepayments for acquisition of intangible assets	**24,825**	—	—	—
Deposits paid for capital contribution for an available-for-sale investment	**33,347**	42,285	**33,347**	42,285
	7,066,387	4,447,854	**66,834**	75,716

(i) In January 2008, the Group entered into an agreement with a local government authority in the PRC to acquire the exploration and resources right attached to an area of 21,000 hectares of a coal mine located in Inner Mongolia at a consideration amounted to RMB6,900,000,000 (equivalents to HK$8,108,742,000). Up to 31 December 2013, deposit amounting to RMB1,166,000,000 (equivalent to HK$1,483,024,000)(2012: RMB950,000,000, equivalent to HK$1,171,607,000) had been paid by the Group, with the remaining balance payable at approximately RMB5,734,000,000 (equivalent to HK$7,293,017,000) (2012: RMB5,950,000,000, equivalent to HK$7,337,957,000).

15 INVENTORIES - GROUP

	2013 **HK$'000**	2012 HK$'000
Coal	**2,389,130**	2,355,459
Spare parts and consumables	**1,036,701**	849,402
Fuel oil	**56,007**	53,849
	3,481,838	3,258,710

The cost of inventories recognised as operating expenses amounted to HK$34,215,674,000 (2012: HK$36,517,921,000), which included inventory write-down of HK$78,180,000 (2012: HK$555,000).

As at 31 December 2013, coal with cost of HK$129,675,000 (2012: HK$2,358,000) was considered as obsolete. A provision of HK$82,380,000 (2012: HK$2,358,000) was made as at 31 December 2013.

16 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS - GROUP AND COMPANY

Trade and other receivables, and prepayments comprise the following:

	Group		**Company**	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Trade receivables				
– Accounts receivable	**9,888,095**	9,162,384	—	—
– Notes receivable	**2,324,761**	887,710	—	—
	12,212,856	10,050,094	—	—
Less: provision for impairment of trade receivables	**(87,037)**	(47,117)	—	—
Trade receivables - net	**12,125,819**	10,002,977	—	—
Input VAT and prepayment for income tax	**3,197,329**	2,334,710	—	—
Prepayments for coal and fuel	**473,282**	546,252	—	—
Advances to power grid companies	**23,854**	55,413	—	—
Deposits paid for exploration right	—	123,327	—	—
Dividends receivable from available-for-sale investee companies	**165,549**	11,466	—	—
Others	**2,496,038**	1,773,925	**127,779**	99,628
	6,356,052	4,845,093	**127,779**	99,628
Less: provision for impairment of other receivables	**(136,892)**	(89,139)	—	—
	18,344,979	14,758,931	**127,779**	99,628

All the trade and other receivables are denominated in RMB.

16 TRADE AND OTHER RECEIVABLES - GROUP AND COMPANY *(continued)*

The Group usually grant about 60 days' credit period to local power grid customers from the end of the month in which the sales of electricty is made. As of 31 December 2013, trade receivables of HK$2,072,070,000 (2012: HK$1,522,255,000) were past due but not impaired. They relate to a number of independent customers for whom there had been no significant financial difficulty based on past trading experience. The ageing analysis of these trade receivables is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Over 60 days	**2,072,070**	1,522,255

As at 31 December 2013, the ageing analysis of trade receivables is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
0-30 days	**9,240,964**	7,933,241
31-60 days	**684,262**	505,681
Over 60 days	**2,287,630**	1,611,172
	12,212,856	10,050,094

As at 31 December 2013, included in trade receivables was an amount of HK$239,086,000 (2012: HK$568,747,000) which is trade receivables from fellow subsidiaries or associates and is aged within 30 days.

Movements on the provision for impairment of trade receivables of the Group are as follows:

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January	**47,117**	14,695
Provision for doubtful accounts	**45,491**	34,762
Receivables written off during the year as uncollectible	**(6,918)**	(1,365)
Exchange differences	**1,347**	(975)
At 31 December	**87,037**	47,117

16 TRADE AND OTHER RECEIVABLES - GROUP AND COMPANY *(continued)*

Movements on the provision for impairment of other receivables of the Group are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
At 1 January	**89,139**	97,630
Provision for doubtful accounts	**48,172**	—
Receivables written off during the year as uncollectible	**(2,304)**	(8,440)
Disposal of a subsidiary	**(991)**	—
Exchange differences	**2,876**	(51)
At 31 December	**136,892**	89,139

Management of the Group closely monitors the credit quality of trade and other receivables. The Group makes provision against impairment of trade and other receivables based on the assessment results of credit quality of the respective parties.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

As at 31 December 2013, the fair values of trade and other receivables approximate their carrying amounts.

17 AMOUNTS DUE FROM ASSOCIATES - GROUP AND COMPANY

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Dividend receivable from associates	**230,811**	90,287	**3,079**	—
Interest receivable from associates	**21,999**	258,708	**—**	85,373
Other amounts due from associates	**11,917**	243,176	**8,528**	1,282
	264,727	592,171	**11,607**	86,655

Amounts due from associates are denominated in RMB, unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not provide any allowance for amounts due from associates because the Group had not experienced any default history from associates. Management of the Group closely monitors the credit quality of amounts due from associates and considers that the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

As at 31 December 2013, the fair values of the amounts due from associates approximate their carrying amounts.

18 AMOUNTS DUE FROM/TO JOINT VENTURES - GROUP AND COMPANY

(a) Amounts due from joint ventures

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Dividend receivable from a joint venture	**682,381**	—	**682,381**	—
Interest receivable from joint ventures	**95,324**	—	—	—
Other amounts due from joint ventures	**714**	—	**650**	—
	778,419	—	**683,031**	—

The amounts due from joint ventures are all denominated in RMB, unsecured, non-interest bearing and repayable on demand.

The Group and the Company do not provide any impairment provision against amounts due from joint ventures because there was no default history experienced from the joint ventures. Management of the Group closely monitors the credit quality of amounts due from joint ventures and considers the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

As at 31 December 2013, the fair values of the amounts due from joint ventures approximate their carrying amounts.

(b) Amounts due to joint ventures

The amounts due to joint ventures are unsecured, non-interest bearing, and repayable on demand. They are mainly denominated in RMB.

As at 31 December 2013, the fair values of amounts due to joint ventures approximate their carrying amounts.

19 AMOUNTS DUE FROM OTHER RELATED COMPANIES/LOAN TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY - GROUP AND COMPANY

(a) Amounts due from other related companies

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from non-controlling shareholders of subsidiaries	**40,076**	9,643	—	—
Amounts due from fellow subsidiaries	**1,253**	68,087	—	—
Amounts due from subsidiaries	—	—	**28,353,099**	24,201,293
Loans to subsidiaries	—	—	**8,653,911**	10,010,940
	41,329	77,730	**37,007,010**	34,212,233

The amounts due from other related parties of the Group are unsecured, non-interest bearing and repayable on demand.

As at 31 Decmeber 2013, loans to subsidiries are unsecured, bear interest at rate from Nil to 5.53% per annum (2012: Nil to 6.10%).

The Group and the Company do not provide any impairment provision against amounts due from other related companies because there was no default history experienced from the related companies' Management of the Group closely monitor the credit quality of amounts due from other related companies and consider the amounts are neither past due nor impaired. The Group and the Company do not hold any collateral over these balances.

The amounts due from other related parties are all denominated in RMB.

As at 31 December 2013, the fair values of the amounts due from other related parties approximate their carrying amounts.

(b) Loan to a non-controlling shareholder of a subsidiary

As at 31 December 2013, loan to a non-controlling shareholder of a subsidiary is unsecured, denominated in RMB, with annual interest rates of 5% and repayable in 2016.

As at 31 December 2013, the fair value of loan to a non-controlling shareholder of a subsidiary approximates its carrying amount.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - GROUP

	2013 HK$'000	2012 HK$'000
Listed securities - held-for-trading		
– Equity securities - PRC	**2,956**	3,687

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains - net" in the consolidated income statement (Note 36).

Financial assets at fair value through profit or loss are presented within "operating activities" as part of changes in working capital in the statement of cash flow (Note 43).

The fair value of all equity securities is based on their current bid prices in an active market.

21 PLEDGED BANK DEPOSITS - GROUP

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2013, deposits amounting to HK$598,003,000 (2012: HK$249,986,000) had been pledged to secure bank acceptance bills and are therefore classified as current assets.

As at 31 December 2013, the pledged bank deposits are denominated in RMB and the fair values approximate their carrying amounts.

22 CASH AND CASH EQUIVALENTS - GROUP AND COMPANY

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Cash at bank and on hand	**5,878,335**	3,804,086	**496,501**	310,420
Term deposits (i)	**156,711**	593,203	—	—
	6,035,046	4,397,289	**496,501**	310,420

(i) The initial maturity of term deposits was three monthes to one year with deposit interest rate range from 1.6% to 3.3%. The term deposits can be withdrawn on demand. The fair value of the term deposits approximate to their carrying value. None of the deposits is either past due or impaired.

22 CASH AND CASH EQUIVALENTS - GROUP AND COMPANY *(continued)*

The cash and cash equivalents of the Group and Company are denominated in the following currencies:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
RMB	**5,227,398**	3,930,262	**90,007**	14,786
HK dollars	**595,961**	299,534	**258,060**	213,852
US dollars	**211,683**	160,648	**148,430**	81,778
Others	**4**	6,845	**4**	4
	6,035,046	4,397,289	**496,501**	310,420

As at 31 December 2013, the fair values of cash and cash equivalents approximate their carrying amounts.

23 SHARE CAPITAL - GROUP AND COMPANY

	2013		2012	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	Amount HK$'000
Authorised:				
At 1 January and 31 December	**10,000,000**	**10,000,000**	10,000,000	10,000,000
Issued and fully paid:				
At 1 January	**4,762,863**	**4,762,863**	4,745,092	4,745,092
Issue upon exercise of share options	**28,594**	**28,594**	17,771	17,771
At 31 December	**4,791,457**	**4,791,457**	4,762,863	4,762,863

The total authorised number of ordinary shares is 10 billion shares (2012: 10 billion shares) with a par value of HK$1 per share (2012: HK$1 per share). All issued shares are fully paid.

24 SHARE OPTIONS

Pursuant to a resolution in writing passed on 6 October 2003 by the shareholders of the Company, a Pre-IPO Share Option Scheme and a Share Option Scheme were adopted by the Company.

(a) Pre-IPO Share Option Scheme

On 6 October 2003, the Company granted options to the grantees to subscribe for 167,395,000 shares in the Company at an exercise price of HK$2.80 per share, upon payment of HK$1 per each option grant. The options had a contractual option term of ten years. Options granted had a vesting period of five years and vested options were exercisable within the contractual option term.

Movements in the number of share options outstanding and their related exercise price under the Pre-IPO Share Option Scheme during the year ended 31 December 2013 are as follows:

		Number of options						
	Exercise price HK$	Outstanding as at 1 Jan 2012	Reclassification during the year ended 31 Dec 2012	Exercised during the year ended 31 Dec 2012	Outstanding as at 31 Dec 2012	Exercised during the year ended 31 Dec 2013	Lapsed during the period 31 Dec 2013	Outstanding as at 31 Dec 2013
A Director of the Company	2.75	570,080	(570,080)	—	—	—	—	—
Directors of CRH	2.75	1,180,880	—	—	1,180,880	(1,180,880)	—	—
Employees of the Group	2.75	831,372	—	(179,168)	652,204	(448,604)	(203,600)	—
Employees of CRH and its subsidiaries, other than the Group	2.75	15,329,044	570,080	(5,228,022)	10,671,102	(7,781,092)	(2,890,010)	—
		17,911,376	—	(5,407,190)	12,504,186	(9,410,576)	(3,093,610)	—
Exercisable at the end of the year		17,911,376	—	—	12,504,186	—	—	—

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share option	Options 2013	2012
5 October 2013	2.75	—	12,504,186

24 SHARE OPTIONS *(continued)*

(b) Share Option Scheme

Pursuant to the Share Option Scheme approved by a resolution of the shareholders of the Company dated 6 October 2003, the Board may, at its absolute discretion, offer any employee, director, consultant or advisor of (i) CRH and its subsidiaries; and (ii) the Company, its subsidiaries and associated companies, options to subscribe for the Company's shares, for the promotion of success of the business of the Group. The exercise price of the share option will be determined at the highest of (1) the closing price of the Company's shares on the Stock Exchange on the date of grant of the option; (2) the average closing price of the Company's shares on the Stock Exchange on the five trading days immediately preceding the date of grant; and (3) the nominal value of the shares.

Options granted are exercisable during the period from the vesting date to the last day of the ten-year period after grant date. The share options have vesting periods from one to five years and every 20% will be vested at the end of each year.

Movements in the number of share options outstanding and their related exercise prices under the Share Option Scheme in 2012 and 2013 are as follows:

			Number of options						
	Exercise price HK$	Date of grant	1 Jan 2012	Reclassification during the year ended 31 Dec 2012	Exercised during the year ended 31 Dec 2012	Outstanding as at 31 Dec 2012	Reclassification during the year ended 31 Dec 2013	Exercised during the year ended 31 Dec 2013	Outstanding as at 31 Dec 2013
Directors of CRH and its subsidiaries	3.919	18 Mar 2005	1,079,080	–	–	1,079,080	–	(325,760)	753,320
Directors of the Company	3.919	18 Mar 2005	879,080	(366,480)	(166,480)	346,120	–	(346,120)	–
	4.641	18 Nov 2005	203,600	–	(94,444)	109,156	–	(109,156)	–
	12.21	30 Mar 2007	407,200	–	–	407,200	–	(203,600)	203,600
Employees of CRH and its subsidiaries, other than the Group	3.919	18 Mar 2005	2,199,960	366,480	(366,480)	2,199,960	–	–	2,199,960
Employees of the Group	4.175	1 Sep 2004	2,162,660	–	(775,480)	1,387,180	–	(745,840)	641,340
	3.919	18 Mar 2005	1,426,640	–	–	1,426,640	–	(875,480)	551,160
	4.641	18 Nov 2005	11,359,780	–	(3,300,360)	8,059,420	–	(3,282,580)	4,776,840
	6.925	5 Sep 2006	11,294,720	–	(4,078,200)	7,216,520	–	(3,603,000)	3,613,520
	12.21	30 Mar 2007	22,991,760	–	(3,581,960)	19,409,800	–	(9,691,860)	9,717,940
			54,004,480	–	(12,363,404)	41,641,076	–	(19,183,396)	22,457,680
Exercisable at the end of the year			48,964,480	–	–	41,641,076	–	–	22,457,680
Weighted average exercise price			**8.30**	**N/A**	**7.53**	**8.54**	**N/A**	**8.90**	**8.23**

24 SHARE OPTIONS *(continued)*

(b) Share Option Scheme *(continued)*

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK$ per share option	Options 2013	2012
31 August 2014	4.175	**641,340**	1,387,180
17 March 2015	3.919	**3,504,440**	5,051,800
17 November 2015	4.641	**4,776,840**	8,168,576
4 September 2016	6.925	**3,613,520**	7,216,520
29 March 2017	12.21	**9,921,540**	19,817,000
		22,457,680	41,641,076

In current year, share option expense of Nil (2012: HK$1,477,000) has been recognised in the consolidated income statement, with a corresponding adjustment made in the Group's share option reserve.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the year was HK$20.38 (2012: HK$16.31).

25 SHARE PREMIUM AND RESERVES - GROUP AND COMPANY

Group

Details of changes in reserves of the Group are set out in the consolidated statement of changes in equity on pages 7 and 8.

General reserve is part of the shareholders' funds and comprises statutory surplus reserves, enterprise expansion funds and reserve funds of subsidiaries in the PRC. Pursuant to the provisions of their respective Articles of Association, certain of the Company's subsidiaries established in the PRC shall make appropriation from their profit after tax to the general reserves. The general reserves shall be used for making up losses, capitalisation into capital and expansion of the operations and production of the respective subsidiaries and associates.

The special reserves of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of subsidiaries acquired pursuant to a group reorganisation for the purpose of the preparation of the listing of the Company's share on the Stock Exchange of Hong Kong in previous years.

25 SHARE PREMIUM AND RESERVES - GROUP AND COMPANY *(continued)*

Group *(continued)*

The movement of the capital reserve is as follows:

	As at	
	2013	2012
	HK$'000	HK$'000
Opening balance at 1 January	**162,835**	251,354
Share of other comprehensive income of investments accounted for using the equity method	**4,740**	—
Proceeds on sale of investment	**41,458**	—
Transfers (Note a)	**238,659**	257,642
Transfers upon utilisation (Note b)	**(279,316)**	(346,161)
Closing balance at 31 December	**168,376**	162,835

Notes:

(a) Pursuant to certain regulations in the PRC governing the mining industry, the Group is required to make an annual transfer to the capital reserve account an amount being calculated at the volume of coal ore extracted each year, mulitplied by the applicable rate per tonne of coal ore. Pursuant to the relevant provisions of the PRC Companies Law, the fund can only be used for future improvement of the mining facilities and enhancement of safety production environment. The fund is not available for distribution to either shareholders of the Company or equity owners of the related entities.

(b) During the year ended 31 December 2013, HK$279,316,000 (2012: HK$346,161,000) of such capital reserve account had been utilised for expenditures inucrred in the relevant assets as stated in Note a, the corresponding amount was transferred out from the capital reserve account to retained earnings.

25 SHARE PREMIUM AND RESERVES - GROUP AND COMPANY *(continued)*

Company

	Share premium HK$'000	Merger reserve HK$'000	Hedging reserve HK$'000	Employee share-based compensation reserve HK$'000	Shares held for share award HK$'000 (Note 26)	Retained earnings HK$'000	Total HK$'000
At 1 January 2012	16,822,389	82,309	(314,538)	236,425	(588,354)	3,895,047	20,133,278
Profit for the year	—	—	—	—	—	(208,173)	(208,173)
Cash flow hedges	—	—	(2,485)	—	—	—	(2,485)
Total comprehensive income for the year	—	—	(2,485)	—	—	(208,173)	(210,658)
Shares issued upon exercise of options	90,158	—	—	—	—	—	90,158
Transfer of share option reserve on exercise of share options	52,197	—	—	(52,197)	—	—	—
Recognition of equity settled share-based payments	—	—	—	1,477	—	—	1,477
Purchase of shares under medium to long-term performance evaluation incentive plan	—	—	—	—	(13,455)	—	(13,455)
Dividends paid	—	—	—	—	—	(1,414,371)	(1,414,371)
At 31 December 2012	16,964,744	82,309	(317,023)	185,705	(601,809)	2,272,503	18,586,429
Profit for the year	—	—	—	—	—	5,659,287	5,659,287
Cash flow hedges	—	—	150,216	—	—	—	150,216
Total comprehensive income for the year	—	—	150,216	—	—	5,659,287	5,809,503
Shares issued upon exercise of options	167,979	—	—	—	—	—	167,979
Transfer of share option reserve on exercise of share options	99,469	—	—	(99,469)	—	—	—
Dividends paid	—	—	—	—	—	(2,514,884)	(2,514,884)
At 31 December 2013	**17,232,192**	**82,309**	**(166,807)**	**86,236**	**(601,809)**	**5,416,906**	**22,049,027**

The merger reserve of the Company represents the difference between the aggregate net assets of the subsidiaries acquired by the Company under the group reorganisation and the nominal amount of the Company's shares issued for the acquisition.

In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained earnings of the Company amounting to HK$5,416,906,000 as at 31 December 2013 (2012: HK$2,272,503,000).

26 SHARES HELD FOR SHARE AWARD SCHEME

On 25 April 2008 (the "Adoption Date"), a Medium to Long-term Performance Evaluation Incentive Plan (the "Scheme") was adopted by the Company. The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date.

Pursuant to the rules of the Scheme, the Company has set up a trust, and BOCI - Prudential Trustee Limited ("Trustee") acts as the trustee. The Company's shares may be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the qualified employees until such shares are vested with the qualified employees in accordance with the provisions of the Scheme.

During the year ended 31 December 2013, the Group purchased Nil (2012: 982,000) shares of its shares for the Scheme.

During the year ended 31 December 2013, none of shares (2012: none) of the Company had been awarded to the employees and directors of the Group.

Under the Scheme, there were total unvested shares of 38,001,475 (2012: 38,001,475) amounting to HK$601,809,000 (2012: HK$601,809,000) held by the Trustee at the end of the reporting period. The movement of the shares held for the Scheme is as follows:

	2013		2012	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	Amount HK$'000
At 1 January	**38,001**	**601,809**	37,019	588,354
Treasury shares purchased during the year	—	—	982	13,455
At 31 December	**38,001**	**601,809**	38,001	601,809

27 PERPETUAL CAPITAL RESERVES - GROUP

On 11 May 2011, China Resources Power East Foundation Co., Ltd., a subsidiary of the Group, issued US$750,000,000 (equivalent to HK$5,835,750,000) 7.25% Guaranteed Perpetual Capital Securities ("Perpetual Capital Securities") at an issue price of 100 per cent which is guaranteed by the Company. The Perpetual Capital Securities were issued for general corporate funding purposes. Coupon payments of 7.25% per annum on the Perpetual Capital Securities are paid semi-annually in arrears from 9 November 2011 and can be deferred at the discretion of the Group. The Perpetual Capital Securities have no fixed maturity and are redeemable at the discretion of the Group on or after 9 May 2016 at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Group undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

28 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS - GROUP AND COMPANY

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables (i)	**10,439,512**	8,953,692	—	—
Other payables and accruals (ii)	**19,517,309**	14,068,570	**243,438**	365,460
	29,956,821	23,022,262	**243,438**	365,460

(i) Ageing analysis of trade payables is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
0-30 days	**5,730,765**	5,539,284
31-90 days	**1,829,807**	1,476,954
Over 90 days	**2,878,940**	1,937,454
	10,439,512	8,953,692

The average credit term for purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit terms.

(ii) Other payables and accruals include:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Payables in respect of purchase of non-current assets	**12,494,575**	8,417,603	—	—
Accrued purchases of fuel	**762,704**	778,902	—	—
Other tax payables	**1,337,599**	803,490	**37,072**	30,315
Accrued wages	**1,278,364**	671,900	**850**	1,000
Interest payable	**631,475**	555,816	**154,516**	113,995
Deferred consideration payables	**549,600**	633,743	—	—
Payable in respect of employee settlement costs of a subsidiary	**561,380**	587,350	—	—
Retirement and other long-term employee benefits obligations - current (Note 38 (iii))	**94,814**	28,990	—	—
Others	**1,806,798**	1,590,776	**51,000**	220,150
	19,517,309	14,068,570	**243,438**	365,460

Trade and other payables are unsecured, interest free, and repayable on demand. They are mainly denominated in RMB. As at 31 December 2013, the fair values of trade and other payables of the Group and Company approximate their carrying amounts.

29 AMOUNTS DUE TO ASSOCIATES - GROUP AND COMPANY

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Loan from an associate (i)	**531,044**	514,919	—	—
Amounts due to associates (ii)	**438,453**	85,638	**99**	99
	969,497	600,557	**99**	99

(ii) Loan from an associate is unsecured, with interest at the rate of 2.85% per annum (2012: 3.72% per annum), and repayable on demand.

(iii) Amounts due to associates as at 31 December 2013 are unsecured, non-interest bearing, and repayable on demand.

The amounts due to associates are mainly denominated in RMB.

As at 31 December 2013, the fair values of amounts due to associates approximate their carrying amounts.

30 AMOUNTS DUE TO OTHER RELATED COMPANIES - GROUP AND COMPANY

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Loan from an intermediate holding company (i)	**4,286,807**	2,600,000	**4,286,807**	2,600,000
Amounts due to non-controlling shareholders of subsidiaries	**666,445**	333,798	—	—
Amounts due to subsidiaries	—	—	**1,573,744**	1,083,010
Amounts due to fellow subsidiaries	**1,270**	1,636	**7,423**	741
Amounts due to holding company	**35,768**	35,768	**35,768**	35,768
Amounts due to an intermediate holding company	**6,911**	5,929	**48**	5,929
	4,997,201	2,977,131	**5,903,790**	3,725,448

(i) As at 29 November 2013, the Company entered into a loan agreement with CRH, the total amount is approximately HK$4,286,807,000, carries interest at HIBOR plus 1.4% per annum and will be repayable on 28 February 2014.

As at 31 December 2012, loans from an intermediate holding company are unsecured, carry interest at HIBOR plus 1.90% per annum to HIBOR plus 2.0% per annum. As at 31 December 2013, the loans had been fully paid in cash.

(ii) Except the amount stated in (i) above, other amounts due to related companies are unsecured, non-interest bearing, and repayable on demand. They are mainly denominated in RMB.

As at 31 December 2013, the fair values of amounts due to other related companies approximate their carrying amounts.

31 BORROWINGS - GROUP AND COMPANY

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current				
Bank loans				
– Secured	**4,732,596**	4,780,204	**—**	—
– Unsecured	**51,092,038**	37,900,996	**30,523,409**	18,011,710
Corporate bonds and notes (i)	**17,613,712**	17,195,186	**5,149,190**	5,109,140
	73,438,346	59,876,386	**35,672,599**	23,120,850
Current				
Bank loans				
– Secured	**792,417**	768,197	**—**	—
– Unsecured	**13,520,843**	18,389,182	**2,274,085**	2,725,737
Corporate bonds and notes (i)	**—**	1,233,270	**—**	1,233,270
	14,313,260	20,390,649	**2,274,085**	3,959,007
Total borrowings	**87,751,606**	80,267,035	**37,946,684**	27,079,857

At 31 December 2013, the borrowings were repayable as follows:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within 1 year	**14,313,260**	20,390,649	**2,274,085**	3,959,007
Between 1 and 2 years	**19,234,939**	6,183,528	**12,015,378**	2,304,692
Between 2 and 5 years	**41,369,840**	34,143,493	**23,657,221**	20,816,158
Over 5 years	**12,833,567**	19,549,365	**—**	—
	87,751,606	80,267,035	**37,946,684**	27,079,857

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Wholly repayable within 5 years	**74,590,469**	57,958,373	**37,946,684**	27,079,857
Wholly repayable after 5 years	**13,161,137**	22,308,662	**—**	—
	87,751,606	80,267,035	**37,946,684**	27,079,857

As at 31 December 2013, the fair values of borrowings approximate their carrying amounts.

31 BORROWINGS - GROUP AND COMPANY *(continued)*

The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**54,412,672**	54,671,479	**4,629,680**	2,466,540
HK$	**26,927,214**	19,225,858	**26,927,214**	19,225,858
US$	**6,389,790**	6,353,714	**6,389,790**	5,387,459
Euros	**21,930**	15,984	—	—
	87,751,606	80,267,035	**37,946,684**	27,079,857

As at 31 December 2013, the secured bank loans of the Group were secured by:

	Group	
	2013	2012
	HK$'000	HK$'000
Buildings (Note 6)	**4,541,285**	5,955,672
Prepaid lease payments (Note 7)	**40,942**	30,475
	4,582,227	5,986,147

As at 31 December 2013, the Group had the following undrawn borrowing facilities:

	Group	
	2013	2012
	HK$'000	HK$'000
Expiring within one year	**60,413,605**	6,022,931
Expiring beyond one year	**114,924,009**	64,186,770
	175,337,614	70,209,701

At 31 December 2013, the interest rate risk of the Group and the Company's borrowings of HK$8,002,000,000 (2012: HK$8,202,000,000) was hedged using interest rate swaps (floating to fixed interest swaps) (see Note 32 for details).

During the year ended 31 December 2013, bank borrowings bear average annual interest rate at 4.90% (2012: 5.26%).

31 BORROWINGS - GROUP AND COMPANY *(continued)*

(i) Corporate bonds and notes are fixed rate bonds and notes issued by the Group as follows:

(a) issued by China Resources Power Investment Company Limited, a wholly-owned subsidiary of the Company, in the PRC:

(1) RMB4,000,000,000 (equivalent to HK$5,087,560,000) - 5.6% due November 2018 (issued in November 2011).

(2) RMB3,300,000,000 (equivalent to HK$4,197,237,000) - 4.70% due January 2020 (issued in January 2010) and RMB500,000,000 (equivalent to HK$635,945,000) - 4.95% due January 2020 (issued in January 2010).

The maturity of the corporate bonds is 10 years from the date of issue, subject to the right of sale-back described below. The corporate bonds are divided into two tranches, amounting to RMB3,300,000,000 (equivalent to HK$4,197,237,000) ("Tranche 1") and RMB500,000,000 (equivalent to HK$635,945,000) ("Tranche 2"), and carry coupon rates of 4.70% and 4.95% for Tranche 1 and Tranche 2, respectively. At the end of the fifth and seventh year from the issue of corporate bonds for Tranche 1 and Tranche 2, respectively, the issuer has the right to adjust the coupon rate ("New Coupon Rate") and the corporate bonds holders have the right to sell the corporate bonds held by them, in whole or in part, to China Resources Power Investment Company Limited at a total consideration equivalent to the total face value of the corresponding corporate bonds to be sold within 5 business days after the announcement of the New Coupon Rate.

(3) RMB2,000,000,000 (equivalent to HK$2,543,780,000) - 5.05% due May 2019 (issued in May 2012).

(b) issued by the Company and listed on the Stock Exchange:

US$500,000,000 (equivalent to HK$3,877,300,000) - 3.75% due August 2015 (issued in August 2010).

The notes will mature on 3 August 2015 but may be redeemed before then at the option of the Company, in whole but not in part, at any time at the (a) the principal amount of such Note or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such note, together with the present value of the interest payable for the year from the date fixed for redemption to the maturity date, discounted to redemption date on a semi-annual compounded basis at the adjusted U.S. Treasury Rate plus 0.3%, as determined by an independent investment bank of international repute. The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong. The notes also contain a provision for redemption at the option of the noteholders at 101% of the principal amount of each note, together with interest accrued to the date of redemption, upon a change of controlling shareholder with respect to the Company.

(c) issued by the Company in Hong Kong:

At 31 December 2013, the corporate bond RMB1,000,000,000 (equivalent to HK$1,271,890,000) - 3.75% due November 2015 (issued in November 2010).

The notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.

32 DERIVATIVE FINANCIAL INSTRUMENTS - GROUP AND COMPANY

	2013 **HK$'000**	2012 HK$'000
Cash flow hedges - Interest rate swaps		
Analysed for reporting purposes:		
– Current	—	1,493
– Non-current	**173,652**	320,851
Cash flow hedges	**173,652**	322,344

The Group uses interest rate swaps (net quarterly settlement) to minimise its exposure to interest expenses of certain of its floating-rate Hong Kong Dollars/United States Dollars denominated bank borrowings by swapping floating interest rates to fixed interest rates. The interest rate swaps and the corresponding bank borrowings have the similar terms and the directors of the Company considered that the interest rate swaps are highly effective hedging instruments.

The full fair value of a hedging derivative is classified as a non-current liability if the remaining maturity of the hedged item is more than 12 months and, as a current liability, if the maturity of the hedged item is less than 12 months.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2013 were HK$8,002,000,000 (2012: HK$8,202,000,000). As at 31 December 2013, the fixed interest rates were contracted at a range from 1.12% to 2.325% (2012: 1.12% to 3.36%), and the main floating rates are HIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2013 will be continuously released to the consolidated income statement until the repayment of the bank borrowings (Note 31).

The movements in the carrying amount of cash flow hedges during the years are as follows:

	2013 **HK$'000**	2012 HK$'000
At 1 January	**322,344**	357,913
Cash flow hedges – Effective portion:		
– Fair value (gains)/losses	**(34,979)**	248,979
– Transfer to finance costs	**(115,237)**	(246,494)
	(150,216)	2,485
Cash flow hedges – Ineffective portion:		
– Fair value losses/(gains)	**1,524**	(38,054)
At 31 December	**173,652**	322,344

The above derivatives are measured at fair value by making reference to the market value provided by the counterparty financial institutions.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY

(a) Group

31 December 2013	Loans and receivables HK$'000	Assets at fair value through the profit & loss HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet				
Available-for-sale investments	—	—	1,375,876	1,375,876
Loans to associates	839,447	—	—	839,447
Loans to joint ventures	369,903	—	—	369,903
Loan to a non-controlling shareholder of a subsidiary	17,171	—	—	17,171
Loan to an available-for-sale investee company	277,860	—	—	277,860
Amounts due from associates	264,727	—	—	264,727
Amounts due from joint ventures	778,419	—	—	778,419
Amounts due from other related companies	41,329	—	—	41,329
Trade and other receivables excluding prepayments	17,398,415	—	—	17,398,415
Financial assets at fair value through profit or loss	—	2,956	—	2,956
Cash and cash equivalents, and pledged bank deposits	6,633,049	—	—	6,633,049
Total	26,620,320	2,956	1,375,876	27,999,152

31 December 2013	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	87,751,606	87,751,606
Derivative financial instruments	173,652	—	173,652
Trade and other payables excluding non-financial liabilities	—	25,372,360	25,372,360
Amounts due to associates	—	969,497	969,497
Amounts due to joint ventures	—	397,203	397,203
Amounts due to other related companies	—	4,997,201	4,997,201
Total	173,652	119,487,867	119,661,519

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(a) Group *(continued)*

31 December 2012	Loans and receivables HK$'000	Assets at fair value through the profit & loss HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet				
Available-for-sale investments	—	—	1,319,116	1,319,116
Loans to an available-for-sale investee company	176,772			176,772
Loans to associates	3,454,804	—	—	3,454,804
Amounts due from associates	592,171	—	—	592,171
Amounts due from other related companies	77,730	—	—	77,730
Trade and other receivables excluding prepayments	11,699,229	—	—	11,699,229
Financial assets at fair value through profit or loss	—	3,687	—	3,687
Cash and cash equivalents, and pledged bank deposits	4,647,275	—	—	4,647,275
Total	20,647,981	3,687	1,319,116	21,970,784

31 December 2012	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	80,267,035	80,267,035
Derivative financial instruments	322,344	—	322,344
Trade and other payables excluding non-financial liabilities	—	19,517,887	19,517,887
Amounts due to associates	—	600,557	600,557
Amounts due to other related companies	—	2,977,131	2,977,131
Total	322,344	103,362,610	103,684,954

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(b) Company

31 December 2013	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet			
Available-for-sale investments	—	108,358	108,358
Loans to subsidiaries	10,009,672	—	10,009,672
Amounts due from associates	11,607	—	11,607
Amounts due from joint ventures	683,031	—	683,031
Amounts due from other related companies	37,007,010	—	37,007,010
Trade and other receivables excluding prepayments	125,121	—	125,121
Cash and cash equivalents	496,501	—	496,501
Total	48,332,942	108,358	48,441,300

31 December 2013	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	37,946,684	37,946,684
Loans from subsidiaries	—	5,835,750	5,835,750
Amounts due to associates	—	99	99
Amounts due to other related companies	—	5,903,790	5,903,790
Derivative financial instruments	173,652	—	173,652
Trade and other payables excluding non-financial liabilities	—	184,139	184,139
Total	173,652	49,870,462	50,044,114

31 December 2012	Loans and receivables HK$'000	Available-for-sale HK$'000	Total HK$'000
Assets as per balance sheet			
Available-for-sale investments	—	99,421	99,421
Loans to subsidiaries	3,420,704	—	3,420,704
Amounts due from associates	86,655	—	86,655
Amounts due from other related companies	34,212,233	—	34,212,233
Trade and other receivables excluding prepayments	98,113	—	98,113
Cash and cash equivalents	310,420	—	310,420
Total	38,128,125	99,421	38,227,546

33 FINANCIAL INSTRUMENTS BY CATEGORY - GROUP AND COMPANY *(continued)*

(b) Company *(continued)*

31 December 2012	Derivatives used for hedging HK$'000	Other financial liabilities at amortised cost HK$'000	Total HK$'000
Liabilities as per balance sheet			
Borrowings	—	27,079,857	27,079,857
Loans from subsidiaries	—	5,835,750	5,835,750
Amounts due to associates	—	99	99
Amounts due to other related companies	—	3,725,448	3,725,448
Derivative financial instruments	322,344	—	322,344
Trade and other payables excluding non-financial liabilities	—	266,355	266,355
Total	322,344	36,907,509	37,229,853

34 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES - GROUP

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2013 HK$'000	2012 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**328,018**	180,110
– Deferred income tax assets to be recovered within 12 months	**166,475**	84,186
	494,493	264,296
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(2,524,384)**	(561,278)
– Deferred taxation liabilities to be settled within 12 months	**(45,189)**	(12,603)
	(2,569,573)	(573,881)
Deferred income tax liabilities	**(2,075,080)**	(309,585)

The gross movement on the deferred income tax accounts is as follows:

	2013 HK$'000	2012 HK$'000
At 1 January	**(309,585)**	(407,580)
Exchange differences	**(21,774)**	(511)
Relating to acquisition of subsidiaries	**(1,813,894)**	—
Credited to profit or loss (Note 40)	**70,173**	4,414
Settlement upon dividend received	—	94,092
At 31 December	**(2,075,080)**	(309,585)

34 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES - GROUP *(continued)*

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions, are as follows:

Deferred income tax assets	Accural expenses	Retirement benefit obligations	Impairment and provision	Government Grant	Others	Total
As at 1 January 2012	66,137	65,873	18,058	4,376	73,773	228,217
Exchange differences	2	(7)	40	(6)	(40)	(11)
Credited to profit or loss	18,047	2,470	17,601	59,126	(50,848)	46,396
As at 31 December 2012	84,186	68,336	35,699	63,496	22,885	274,602
Exchange differences	3,879	2,327	2,577	2,042	2,307	13,132
Relating to acquisition of subsidiaries (Note 45)	—	—	48,083	—	95,202	143,285
Credited/(charged) to profit or loss	78,410	11,783	43,978	3,418	(60,199)	77,390
As at 31 December 2013	**166,475**	**82,446**	**130,337**	**68,956**	**60,195**	**508,409**

Deferred income tax liabilities	Accelerated tax depreciation	Fair value of mining rights	Fair value of prepaid lease payments	Fair value of property plant and equipment	Distributable profits of PRC subsidiaries, associates and jointly controlled entities	Mining Fund (Note)	Others	Total
As at 1 January 2012	(153,985)	(59,791)	(66,303)	(169,788)	(94,092)	(91,838)	—	(635,797)
Exchange differences	(109)	(58)	(93)	(221)	—	(9)	(10)	(500)
Credited/(charged) to profit or loss	2,047	18,472	232	(5,734)	(54,269)	8,203	(10,933)	(41,982)
Settlement upon dividend received	—	—	—	—	94,092	—	—	94,092
As at 31 December 2012	(152,047)	(41,377)	(66,164)	(175,743)	(54,269)	(83,644)	(10,943)	(584,187)
Exchange differences	(5,535)	(1,446)	(1,706)	(19,909)	—	(5,119)	(1,191)	(34,906)
Relating to acquisition of subsidiaries (Note 45)	—	(1,795,238)	(11,220)	(150,721)	—	—	—	(1,957,179)
Credited/(charged) to profit or loss	(13,958)	78,178	7,349	66,287	(50,070)	(76,997)	(18,006)	(7,217)
As at 31 December 2013	**(171,540)**	**(1,759,883)**	**(71,741)**	**(280,086)**	**(104,339)**	**(165,760)**	**(30,140)**	**(2,583,489)**

Note: Pursuant to certain regulations in the PRC relating to the mining industry, the Group is required to transfer an amount to the capital reserve account and such fund is not available for distribution to shareholders (see Note 25(a) for details). Such amounts are deductible for tax purposes when they are set aside but are expensed for accounting purposes only when they are utilised. Therefore, a deferred tax liability is recorded for such temporary differences.

34 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES - GROUP *(continued)*

At 31 December 2013, the Group had unused tax losses of HK$1,741,446,000 (2012: HK$737,657,000) available to offset against future assessable profits. No deferred tax asset had been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses at 31 December 2013 are losses of approximately HK$1,298,341,000 (2012: HK$294,552,000) that will expire within 5 years from the year of originating, in or before 2018. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$29,572,362,000 (2012: HK$23,516,180,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

35 OTHER INCOME

	2013 **HK$'000**	2012 HK$'000
Sales of scrap materials	**645,222**	345,271
Government grant (i)	**356,758**	341,741
Interest income	**196,198**	230,072
Dividend income from available-for-sale investments (ii)	**199,845**	158,256
Service income	**160,229**	153,692
Management fee income	**87,555**	3,312
CERs income	**4,041**	26,540
Others	**198,803**	47,314
	1,848,651	1,306,198

(i) During the year ended 31 December 2013, the Group received grants from certain PRC governmental departments to subsidise supply of heat at high operating costs amounting to HK$120,889,000 (2012: HK$117,017,000). There were no ongoing obligations or conditions attached with these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2013, the Group received grants amounting to HK$151,983,000 (2012: HK$133,563,000), from the PRC government, which were used for encouraging the operations of certain PRC subsidiaries to their increase in supply of electricity and grants for encouraging the development of environmental friendly electricity generation, amounting to HK$31,730,000 (2012: HK$22,920,000). There were no ongoing obligations or conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2013, the Group received grants from certain PRC governmental departments to compernsate the high operating costs incurred by the Group due to increase in coal price amounting to HK$30,520,000(2012: HK$35,686,000). There were no ongoing obligations or conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipt.

During the year ended 31 December 2013, the government grants relating to assets are credited to other income amounting to HK$21,636,000 (2012: HK$32,555,000).

(ii) During the year ended 31 December 2013, all dividend investment income was derived from unlisted investments.

36 OTHER GAINS - NET

	2013 HK$'000	2012 HK$'000
Net exchange gains/(losses)	**893,411**	(4,344)
Fair value changes on derivative financial instruments	**(1,524)**	38,054
Fair value changes on financial assets at fair value through profit or loss	**(844)**	645
Net (losses)/gains on disposal of property, plant and equipment	**(107,768)**	97,076
Net gains on disposal of prepaid lease payments	**8,163**	—
Net (losses)/gains on disposal of equity investments	**(20,067)**	35,698
Damages received from termination of contract	—	174,547
Others	**89,968**	59,262
	861,339	400,938

37 EMPLOYEE BENEFIT EXPENSES

	2013 HK$'000	2012 HK$'000
Wages, salaries and bonus	**3,696,410**	3,168,642
Pension costs - retirement benefit schemes (Note 38(i)&(ii))	**657,544**	555,671
Termination benefit costs (Note 38(iii))	**430,382**	36,290
Share-based compensation (Note 24)	—	1,477
	4,784,336	3,762,080

(i) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year ended 31 December 2013 is set out below:

Name	Fees HK$'000	Salaries and bonus HK$'000	Pension costs HK$'000	Share-based compensation HK$'000	Total HK$'000
Zhou Jun Qing	—	5,218	281	—	5,499
Wang Yu Jun**	—	4,037	65	—	4,102
Zhang Shen Wen	—	4,344	75	—	4,419
Wang Xiao Bin	—	4,256	75	—	4,331
Anthony H. Adams	217	—	—	—	217
Chen Ji Min	217	—	—	—	217
Ma Chiu Cheung, Andrew	217	—	—	—	217
Leung Oi-sie	217	—	—	—	217
Ch'ien Kuo Fung	217	—	—	—	217
Du Wen Min	—	—	—	—	—
Wei Bin	—	—	—	—	—
Huang Dao Guo	70	—	—	—	70
Chen Ying	70	—	—	—	70
	1,225	17,855	496	—	19,576

** Mr. Wang Yu Jun is an Executive Director and the President of the Company, and acts as the chief executive of the Group.

37 EMPLOYEE BENEFIT EXPENSES *(continued)*

(i) Directors' and chief executive's emoluments *(continued)*

The remuneration of each director and the chief executive for the year ended 31 December 2012 is set out below:

Name	Fees HK$'000	Salaries and bonus HK$'000	Pension costs HK$'000	Share-based compensation HK$'000	Total HK$'000
Zhou Jun Qing	—	2,782	278	—	3,060
Wang Yu Jun**	—	3,635	74	—	3,709
Zhang Shen Wen	—	3,396	74	—	3,470
Wang Xiao Bin	—	2,832	74	—	2,906
Li She Tang*	—	2,132	24	—	2,156
Anthony H. Adams	200	—	—	—	200
Chen Ji Min	200	—	—	12	212
Ma Chiu Cheung, Andrew	200	—	—	12	212
Leung Oi-sie	200	—	—	—	200
Ch'ien Kuo Fung	200	—	—	—	200
Zhang Hai Peng*	31	—	—	—	31
Shi Shan Bo*	31	—	—	—	31
Du Wen Min	70	—	—	—	70
Wei Bin	70	—	—	—	70
Huang Dao Guo	39	—	—	—	39
Chen Ying	39	—	—	—	39
	1,280	14,777	524	24	16,605

* Resigned during the year ended 31 December 2012.

** Mr. Wang Yu Jun is an Executive Director and the President of the Company, and acts as the chief executive of the Group.

During the year, no remuneration has been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office.

No directors have waived any remuneration during the year.

37 EMPLOYEE BENEFIT EXPENSES *(continued)*

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company and its subsidiaries for the year include four (2012: four) directors whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining one (2012: one) individual during the year are as follows:

	2013 **HK$'000**	2012 HK$'000
Salaries and other benefits	**1,836**	1,695
Post-employment benefits	**75**	80
Bonus	**2,701**	1,073
	4,612	2,848

Emoluments of these five individuals are within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
HK$2,500,001 to HK$3,000,000	—	2
HK$3,000,001 to HK$3,500,000	—	2
HK$3,500,001 to HK$4,000,000	—	1
HK$4,000,001 to HK$4,500,000	**3**	—
HK$4,500,001 to HK$5,000,000	**1**	—
HK$5,000,001 to HK$5,500,000	**1**	—

38 RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS SCHEMES

	2013 HK$'000	2012 HK$'000
Retiemenet benefit schemes – Hong Kong (i)	**2,746**	2,731
Retiemenet benefit schemes – PRC(ii)	**654,798**	552,940
Termination benefit (iii)	**430,382**	36,290
	1,087,926	591,961

(i) Hong Kong

The Group participates in a pension scheme, which was registered under the Mandatory Provident Fund Scheme Ordinance (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is a defined contribution scheme and is funded by contributions from employers and employees according to the provisions of the MPF Ordinance.

(ii) PRC

The employees of the Group in the PRC are members of state-managed retirement benefit schemes operated by the respective local government in the PRC. The Group is required to contribute a specified percentage of payroll costs to the schemes to fund the benefits. The only obligation of the Group with respect to these schemes is to make the specified contributions. The amounts charged to the consolidated income statement and capitalised in the construction in progress are HK$654,798,000 (2012: HK$552,940,000) and HK$12,278,000 (2012: HK$8,316,000), respectively.

(iii) Termination benefit

(a) For certain selected employees of Jinzhou Power Company, Hunan Liyujiang, Shenyang Power Company, Hunan CR Coal, and China Resources Power Maintenance Henan employed by the vendors of the businesses as at respective acquisition dates (the "Pre-acquisition Employees"), the Group has offered an early retirement package to them who had met certain specified criteria and accepted voluntary redundancy. Such arrangement required specific approval granted by management of the Group. The Group is obliged to pay such termination benefits to those early retired employees (i.e. retired before their statutory retirement age), who had been working for more than 30 years or in accordance with the respective entities' early retirement policy. These early retired employees are entitled to certain monthly benefits up to their statutory retirement age.

These obligations were provided for by the Group at the present value of the total expected benefit payments. Where the obligation does not fall due within twelve months, the obligation payable has been discounted using a pre-tax rate that reflects management's current market assessment of the time value of money and risk specific to the obligation (the discount rate was determined with reference to market yields at the balance sheet date on treasury bonds in the PRC). The amount of these obligations charged to the consolidated income statement is HK$72,134,000(2012: HK$36,290,000).

As at 31 December 2013, the carrying amount of these termination benefit payable in current and the non-current portion are approximately HK$55,574,000 (2012: HK$28,990,000)(Note 28(ii)) and HK$67,789,000(2012: HK$136,481,000), respectively.

38 RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS SCHEMES *(continued)*

(iii) Termination benefit *(continued)*

(b) Separate from above arrangements with the Pre-acquisition Employees, in 2013, Jinzhou Power Company performed a restructure and offered a termination benefit package to those employees who have accepted voluntary redundancy. These employees are entitled to certain monthly benefits up to their statutory retirement age. These obligations were provided for by the Group at the present value of the total expected benefit payments. Where the obligation does not fall due within twelve months, the obligation payable has been discounted using a pre-tax rate that reflects management's current market assessment of the time value of money and risk specific to the obligation (the discount rate was determined with reference to market yields at the balance sheet date on treasury bonds in the PRC). The amount of these obligations charged to the consolidated income statement is HK$358,248,000(2012: Nil).

As at 31 December 2013, the carrying amount of these termination benefit payable in current and the non-current portion are approximately HK$39,240,000 (2012: Nil) (Note 28(ii)) and HK$319,008,000 (2012: Nil), respectively

39 FINANCE COSTS

	2013 HK$'000	2012 HK$'000
Interests on bank and other borrowings		
– wholly repayable within five years	**2,938,563**	3,360,416
– not wholly repayable within five years	**118,296**	163,591
Interests on corporate bonds		
– wholly repayable within five years	**498,546**	227,271
– not wholly repayable within five years	**356,059**	578,373
Interests on loans from related parites		
– wholly repayable within five years	**86,000**	35,199
Others	**101,738**	61,496
	4,099,202	4,426,346
Less: Interests capitalised in property, plant and equipment	**(770,986)**	(590,550)
	3,328,216	3,835,796

Borrowing costs capitalised during the year arose on funds borrowed specifically for the purpose of obtaining qualifying assets and on the general borrowing pool which are calculated by applying a capitalisation rate of 5.30% (2012: 5.80%) per annum to expenditures incurred on qualifying assets.

40 INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
Current income tax		
– PRC enterprise income tax	**3,622,109**	1,183,628
Deferred income tax (Note 34)	**(70,173)**	(4,414)
	3,551,936	1,179,214

No provision for Hong Kong profits tax has been made as the Group had no taxable profit in Hong Kong or incurred tax losses for both years.

PRC enterprise income tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to certain subsidiaries in the PRC.

Pursuant to CaiShui 2008 No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain wind power plant projects of the Group, which were set up after 1 January 2008, are entitled to a tax holiday of a three-year full exemption, followed by a three-year 50% exemption of enterprise income tax, commencing from their first turnover-making year.

Pursuant to CaiShui 2011 No. 58 Notice on Tax Policy Issues concerning Further Implementing the Western China Development Strategy, certain entities of the Company's PRC subsidiaries, which are located in the western regions of the PRC, are entitled to a tax holiday of a two-year full PRC enterprise income tax exemption, followed by a three-year 50% exemption commencing from their first year of reporting turnover and can enjoy a preferential income tax rate of 15% after the tax holiday.

In addition, certain of the Company's PRC subsidiaries are entitled to certain tax credit ("Tax Credit") against its assessable EIT, which is calculated as 10% of the current year's purchases and use of specific environmental friendly, water and energy-saving, safety-enhanced equipment in the Group's electricity generation business. The portion of Tax Credit that has not been utilised in the current period can be carried forward for future tax credit over a period of not more than five years.

The reconciliation of the effective income tax rate from the statutory income tax rate is as follows:

	2013 HK$'000	2012 HK$'000
Profit before income tax	**16,137,229**	9,903,761
Calculated at a tax rate of 25% (2012: 25%)	**4,034,307**	2,475,940
Income not subject to tax	**(540,197)**	(472,989)
Expenses not deductible for tax purposes	**426,725**	29,968
Tax exemptions and concessions granted to PRC subsidiaries	**(310,748)**	(222,171)
Reduction of tax in respect of Tax Credit	**(792,770)**	(705,801)
Unrecognised tax temporary differences	**246,946**	—
Unrecognised tax losses	**263,880**	70,191
Utilisation of previously unrecognised tax losses	**(12,933)**	(50,193)
Withholding tax on the earnings anticipated to be remitted by certain subsidiaries/associates	**236,726**	54,269
	3,551,936	1,179,214

40 INCOME TAX EXPENSE *(continued)*

Tax rate of 25% (2012: 25%) is adopted for the taxation reconciliation as such tax rate is applicable to most of the Group's operations in the PRC for the year.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2013			2012		
	Before tax HK$'000	**Tax charge/ (credit) HK$'000**	**After tax HK$'000**	Before tax HK$'000	Tax charge/ (credit) HK$'000	After tax HK$'000
Exchange differences	**2,217,253**	—	**2,217,253**	226,225	—	226,225
Share of other comprehensive income of investments accounted for using equity method	**188,065**	—	**188,065**	224,418	—	224,418
Cash flow hedge	**150,216**	—	**150,216**	(2,485)	—	(2,485)
Other comprehensive income	**2,555,534**	—	**2,555,534**	448,158	—	448,158
Current tax		—			—	
Deffered tax		—			—	
		—			—	

41 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares (Note 26).

	2013 HK$'000	2012 HK$'000
Profit attributable to owners of the Company	**11,015,526**	7,478,916
Weighted average number of ordinary shares in issue (thousands)	**4,742,484**	4,715,738

41 EARNINGS PER SHARE *(continued)*

(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. For the 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 number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2013 HK$'000	2012 HK$'000
Earnings		
Profit attributable to owners of the Company	**11,015,526**	7,478,916
Weighted average number of ordinary shares in issue (thousands)	**4,742,484**	4,715,738
Adjustments for:		
– Share options (thousands)	**20,840**	29,433
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**4,763,324**	4,745,171

42 DIVIDENDS

The dividends paid in 2013 and 2012 were HK$2,514,884,000 and HK$1,414,371,000 respectively. A dividend in respect of the year ended 31 December 2013 of HK$0.67 per share, amounting to a total dividend of HK$3,184,988,000 is to be proposed at the annual general meeting on 10 June 2014. These financial statements do not reflect this dividend payable.

	2013 HK$'000	2012 HK$'000
Dividend recognised as distribution during the year(i):		
Final dividend for 2012 of HK$0.45 (2012: for 2011 of HK$0.24) per share on 4,744,311,000 (2011: 4,751,354,000) shares	**2,134,940**	1,131,205
Interim dividend for 2013 of HK$0.08 (2012: HK$0.06) per share on 4,749,296,000 (2012: 4,757,431,000) shares	**379,944**	283,166
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2013 of HK$0.67 (2012: HK$0.45) per share	**3,184,988**	2,147,390
	5,699,872	3,561,761

(i) During the year ended 31 December 2013, dividends recognised as distributions amounted to HK$2,514,884,000 (2012: HK$1,414,371,000). They were stated after elimination of HK$20,141,000 (2012: HK$11,400,000) paid for shares held by the Medium to Long-term Performance Evaluation Incentive Plan, which is a share award scheme of the Group (Note 26).

The aggregate amounts of the dividends paid and proposed have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

43 CASH GENERATED FROM OPERATIONS

	2013 HK$'000	2012 HK$'000
Profit before income tax	**16,137,229**	9,903,761
Adjustments for:		
Depreciation for property, plant and equipment (Note 6)	**6,915,411**	5,789,430
Amortisation of mining rights (Note 8)	**389,339**	312,433
Amortisation of prepaid lease payments (Note 7)	**66,718**	81,276
Recognition of share-based payments (Note 37)	**—**	1,477
Impairment charges on property, plant and equipment (Note 6)	**801,220**	324,226
Impairment charges on mining rights (Note 8(a))	**27,619**	—
Impairment charges on goodwill (Note 12)	**949,652**	274,000
Impairment charges on investments in associates (Note 10)	**46,723**	46,723
Impairment charges on inventories	**78,180**	—
Provision for doubtful accounts	**93,663**	34,762
Exchange gains (Note 36)	**(893,411)**	—
Interest expense (Note 39)	**3,328,216**	3,835,796
Interest income (Note 35)	**(196,198)**	(230,072)
Fair value changes on financial assets at fair value through profit or loss (Note 36)	**844**	(645)
Fair value changes on derivative financial instruments (Note 36)	**1,524**	(38,054)
Share of results of associates	**(1,205,388)**	(1,643,372)
Share of results of joint ventures	**(755,556)**	(90,328)
Dividends received from available-for-sale investments (Note 35)	**(199,845)**	(158,256)
Net losses/(gains) on disposal of property, plant and equipment (Note 36)	**107,768**	(97,076)
Net gains on disposal of prepaid lease payments (Note 36)	**(8,163)**	—
Net losses/(gains) on disposal of equity investments (Note 36)	**20,067**	(35,698)
Damages received from termination of a contract (Note 36)	**—**	(174,547)
Changes in working capital:		
Decrease in inventories	**22,641**	333,857
(Increase)/decrease in trade receivables, other receivables and prepayments	**(2,284,891)**	1,258,032
Increase in trade payables, other payables and accruals	**2,810,749**	535,916
Increase/(decrease) in retirement and other long-term employee benefits obligations	**316,140**	(95,378)
Cash generated from operations	**26,570,251**	20,168,263

43 CASH GENERATED FROM OPERATIONS *(continued)*

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2013 **HK$'000**	2012 HK$'000
Net book amount (Note 6)	**156,247**	15,156
(Loss)/profit on disposal of property, plant and equipment	**(107,768)**	97,076
Other receivables related to disposal of property, plant and equipment	**—**	(87,309)
Proceeds from disposal of property, plant and equipment	**48,479**	24,923

In the statement of cash flows, proceeds from sale of prepaid lease payments comprise:

	2013 **HK$'000**	2012 HK$'000
Net book amount (Note 6)	**1,886**	—
Net gains on disposal of prepaid lease payments	**8,163**	—
Proceeds from disposal of property, plant and equipment	**10,049**	—

44 COMMITMENTS

(i) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	Group		**Company**	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Contracted for but not provided in the financial statements				
– Capital expenditure in respect of the additions of property, plant and equipment	**22,687,076**	17,681,070	**—**	—
– Capital expenditure in respect of the acquisition of mining/ exploration rights	**7,293,017**	6,958,441	**—**	—
– Unpaid capital contribution to subsidiaries	**—**	—	**3,687,256**	5,865,052
	29,980,093	24,639,511	**3,687,256**	5,865,052

(ii) Operating lease commitments - group and company as lessee

The Group and the Company have various land and buildings, office premises and other assets under non-cancellable operating lease agreements. The lease terms of the Group's and Company's agreement are between one to ten years and three years, respectively.

44 COMMITMENTS *(continued)*

(ii) Operating lease commitments - group and company as lessee *(continued)*

Total future minimum lease payments under non-cancelable operating leases are as follows:

Group	2013 Land and buildings HK$'000	2013 Others HK$'000	2012 Land and buildings HK$'000	2012 Others HK$'000
No later than 1 year	**22,497**	**44,135**	11,750	34,532
Later than 1 year and no later than 5 years	**37,355**	**82,838**	26,630	90,029
Later than 5 years	—	**96,409**	7,248	92,495
	59,852	**223,382**	45,628	217,056

Company	2013 Land and buildings HK$'000	2012 Land and buildings HK$'000
No later than 1 year	**7,478**	4,486
Later than 1 year and no later than 5 years	**13,087**	—
	20,565	4,486

45 BUSINESS COMBINATION

(a) On 30 May 2013, the Group acquired the entire equity interests of Elite Wing Limited and its subsidiaries ("the Wind Farm Group") from a fellow subsidiary, Thriving Choice Limited, at a total cash consideration of approximately HK$4,286.8 million, together with interest expenses that would accrue thereon the amount from completion of the acquisition until payment is made. The Wind Farm Group mainly comprises 30 wind power generation companies, which are engaged in the development and operations of wind farms in ten provinces of the PRC.

The acquired business contributed revenue of approximately HK$602,978,000 and net profit of approximately HK$239,341,000 to the Group for the period from 31 May 2013 to 31 December 2013. If the acquisition had occurred on 1 January 2013, consolidated revenue and net profit of the Group for the year ended 31 December 2013 would have been HK$69,959,739,000 and HK$12,845,865,000 respectively.

The following table summarises the consideration payable for the acquisition of Wind Farm Group, and the fair value of the assets acquired and liabilities assumed recognised at the acquisition date.

45 BUSINESS COMBINATION *(continued)*

	HK$'000
Purchase consideration:	
– Cash payable to an intermediate holding company (Note 30)	4,286,807

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$'000
Property, plant and equipment	8,139,278
Prepaid lease payment	58,665
Prepayments for non-current assets	430,577
Deferred income tax assets	2,095
Trade and other receivables	269,628
Cash and cash equivalents	325,933
Borrowings	(3,502,699)
Other long-term liabilities	(103,015)
Trade and other payables	(1,333,655)
Total identifiable net assets	4,286,807
Goodwill	—

(b) On 5 March 2013, AACI SAADEC (HK) Holdings Limited ("AACI(HK)"), a wholly-owned subsidiary of the Company, entered into an Equity Interest Transfer Agreement with Shanxi Lanhua Science and Technology Company Ltd.(山西蘭花科技創業股份有限公司)("the Purchaser"), one of the equity owners of Shanxi China Resources-Daning (the "TargetCo"), a then associate of the Group. Pursuant to which, the Purchaser agreed to purchase 5% equity interest of the TargetCo from AACI (HK) for a total consideration of RMB384,525,669 (approximately HK$474,339,000), in which included the retained earnings in respect of the 5% equity interest of the TargetCo as of 31 March 2011 in the amount of RMB109,730,267 (approximately HK$135,360,000). The Purchaser also confirmed that AACI(HK) was entitled to the retained earnings in respect of the 5% equity interest of the TargetCo from 1 April 2011 to 30 June 2012 in the amount of RMB46,553,808 (approximately HK$57,427,000). Prior to the acquisition date, AACI(HK) held 56% equity interest of the TargetCo. After the transaction, AACI(HK) holds 51% equity interest of the TargetCo.

On the same date, the Purchaser also entered into an Acting in Concert Undertaking with AACI(HK), which mandates the director representatives sent/to be sent by Purchaser to the TargetCo should vote in board resolutions and meetings according to the directions of AACI(HK). As a result, the board of directors of the Company assess that control of the TargetCo had been transferred to the Group and the TargetCo became a subsidiary of the Group from that date onwards.

The acquired business contributed revenue of approximately HK$2,385,620,000 and net profit of approximately HK$790,906,000 to the Group for the period from 6 March 2013 to 31 December 2013. If the acquisition had occurred on 1 January 2013, consolidated revenue and net profit of the Group for the year ended 31 December 2013 would have been HK$70,035,480,000 and HK$12,645,106,000 respectively.

45 BUSINESS COMBINATION *(continued)*

The following table summarises the consideration for the acquisition of 51% equity interest in the TargetCo, and the fair value of the assets acquired, liabilities assumed and non-controlling interest recognised at the acquisition date.

	HK$'000
Purchase consideration:	
– Fair value of 51% equity interest in the TargetCo held by the Group at the acquisition date	6,181,946
– Fair value of 5% equity interest in the TargetCo held by the Group at the acquisition date	545,466
Less: total consideration received on disposal of 5% equity interest	(531,766)
Total consideration	6,195,646

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$'000
Property, plant and equipment	1,788,101
Prepaid lease payments	32,038
Mining rights	7,073,012
Investments in joint ventures	82,631
Deferred income tax assets	141,190
Other non-current assets	1,210
Inventories	188,482
Trade and other receivables	859,892
Loans to joint ventures	355,253
Cash and cash equivalents	4,681,565
Deferred income tax liabilities	(1,957,179)
Trade and other payables	(544,439)
Current income tax liabilities	(615,064)
Total identifiable net assets	12,086,692
Less: Non-controlling interest	(5,891,046)
Total identifiable net assets attributable to owners of the Company	6,195,646
Goodwill	—

Outflow of cash to acquire business, net of cash acquired

	The Wind Farm Group HK$'000	**Shanxi China Resources-Daning HK$'000**
– Cash consideration paid in 2013	—	—
– Cash and cash equivalents balance acquired	**325,933**	**4,681,565**
– Net cash flow on acquisition	**325,933**	**4,681,565**

46 AUDITORS' REMUNERATION

Auditors' remuneration for the year ended 31 December 2013 was approximately HK$8,267,000 (2012: HK$6,898,000).

47 RELATED PARTY TRANSACTIONS

(a) The Company entered into two trademark licence agreements dated 17 October 2003 with CRNC and CRH, respectively, under which the Company was granted irrevocable, royalty free and non-exclusive licences to use certain trade marks and the rights to sub-license the same to any member of the Group in consideration of a nominal amount of HK$1 each.

(b) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2013 HK$'000	2012 HK$'000
Salaries and other short-term employee benefits	**44,960**	28,412
Post-employment benefits	**881**	869
Share-based payments	—	24
Total	**45,841**	29,305

(c) Other than disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties during the year:

Name of related company	**Relationship**	**Nature of transactions**	**2013 HK$'000**	2012 HK$'000
China Resources Co., Ltd. ("CRC")	Intermediate holding company	Interest expense (Note 30)	—	25,657
CRH	Intermediate holding company	Interest expense (Note 30)	**42,553**	18,954
China Resources Property Management Co., Ltd.	Fellow subsidiary	Rental expense	**5,152**	4,217
China Resources (Shenzhen) Co., Ltd.	Fellow subsidiary	Rental expense	**7,686**	9,745
Taiyuan China Resources Coal	Associate	Interest income (Note 10(b))	**37,636**	88,858
		Sales of coal	**386,232**	—
		Purchase of coal	**145,532**	—

47 RELATED PARTY TRANSACTIONS *(continued)*

(c) *(continued)*

Name of related company	Relationship	Nature of transactions	2013 HK$'000	2012 HK$'000
Shangxi Jinrun Coal and Power Co., Ltd	Associate	Interest expense (Note 29(i))	—	16,245
Certain subsidiaries of China Resources Cements Holdings Limited	Fellow subsidiaries	Sales of de-sulphur gypsum	**3,596**	5,155
		Sales of ash and slag	**15,878**	15,559
		Sales of coal	—	217,127
		Purchase of limestone powder	**3,329**	9,285
China Resources Packaging Materials Co., Ltd.	Fellow subsidiary	Sales of coal	**30,000**	15,468
Jiangsu Zhenjiang Power Generation	Associate	Sales of coal	**1,744,129**	2,393,803
		Sales of power	**62,798**	29,118
		Interest income (Note 10(b))	**10,140**	3,483
		Providing agency service fee	**7,795**	—
CR Xuzhou Electric Power	Associate	Sales of coal	**169,084**	154,659
		Sales of power	**107,509**	
		Providing agency service fee	**21,412**	27,086
		Interest income (Note 10(b))	**15,510**	—
		Providing maintenance service	**7,183**	—
Certain subsidiaries of Elite Wing Limited	Note i	Interest income (Note 19)	—	12,614
Henan Yonghua Energy	Associate	Purchase of fuel and coal	—	181,217
Thriving Choice Limited	Fellow subsidiary	Interest expense	**43,447**	—
Nanjing Yanjiang Heating Power Co.,Ltd	Associate	Sales of heat	**16,990**	—

47 RELATED PARTY TRANSACTIONS *(continued)*

(c) *(continued)*

Name of related company	Relationship	Nature of transactions	2013 HK$'000	2012 HK$'000
China Resouces Power Hezhou Co., Ltd	Joint venture	Management fee income	**14,337**	—
		Interest expense	**1,350**	—
		Providing maintenance service	**11,620**	—
Yangcheng Asia-america Daning Railway operation Co., Ltd	Joint venture	Interest income (Note 11(b))	**23,941**	—
Lanhua Daning Electric Power Co., Ltd	Joint venture	Interest income (Note 11(b))	**956**	—
Chongqing Energy(Guizhou) Coal and Power Co., Ltd	Associate	Interest income (Note 10(b))	**4,836**	—

Note i: Elite Wing Limited was a fellow subsidiary of the Group until becoming a subsidiary of the Group from 31 May 2013 (Note 45).

(d) Transactions/balances with other state-controlled entities

The Group operates in an economic environment currently pre dominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the Chinese government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under CRNC, ultimate holding company of the Company, which is controlled by the Chinese State Government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with other state-controlled entities during the ordinary course of its business. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

The Group operates power plants in the PRC and sells all its electricity to the power grid companies which are also state-controlled entities in the PRC. In addition, the Group purchases significant amount of coal from coal mining companies and have certain borrowings and deposits with certain banks which are state-controlled entities in its ordinary course of business. The Group has also entered into various transactions, including other operating expenses with other state-controlled entities which individually and collectively were insignificant during the year.

48 CONTIGENCY

There were no significant contingent liabilities as at the date of approval of these financial statements.

49 EVENTS AFTER THE BALANCE SHEET DATE

Other than disclosed elsewhere in the financial statements, the Group had no other significant subsequent event.

50 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

(1) Impairment charges were recorded within "Others" category of operating expenses in the prior years. It was separately disclosed on the face of the consolidated income statement in the current year and the comparative figures were also changed to conform with current year presentation.

(2) As disclosed in note 5, "Renewable Energy" is seperately reported as a reporting segment, comparative figures in respective segment have been reclassified accordingly.

Corporate Information

Chairman	Zhou Junqing
President	Wang Yu Jun
Executive Directors	Zhou Junqing Wang Yu Jun Zhang Shen Wen Wang Xiao Bin
Non-executive Directors	Du Wen Min Wei Bin Huang Daoguo Chen Ying
Independent Non-executive Directors	Anthony H. Adams Chen Ji Min Andrew Ma Chiu Cheung Elsie Leung Oi-Sie Raymond K.F. Ch'ien
Company Secretary	Wang Xiao Bin
Auditors	Pricewaterhouse Coopers
Legal Advisor	Morrison & Foerster
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
Registered Office	Rooms 2001-2002, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, General Line: (852) 2593 7530 Facsimile: (852) 2593 7531

Informational for Investors

SHARE LISTING AND STOCK CODE

The Company's shares are listed on The Stock Exchange of Hong Kong Limited. Our stock code is 836.

FINANCIAL DIARY

Financial year end	31 December 2013
Announcement of final results	17 March 2014
Last day to register for final dividend	18 June 2014
Book close	5 June 2014 to 10 June 2014
Payment of final dividend	on or about 27 June 2014

SHAREHOLDER ENQUIRIES

For enquires about share transfer and registration, please contact the Company's Share Registrar:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong.
Telephone: (852) 2862 8628
Facsimile: (852) 2865 0990

For enquires from investors and securities analysts, please contact:

Investor Relations
China Resources Power Holdings Company Limited
Room 2001-2002, 20th Floor, China Resources Building,
26 Harbour Road, Wanchai, Hong Kong.
General Line: (852) 2593 7530
IR hotline: (852) 2593 7550
Facsimile: (852) 2593 7531 / 2593 7551
E-mail: crp-ir@crc.com.hk

OUR WEBSITE

www.cr-power.com

華潤電力控股有限公司
China Resources Power Holdings Company Limited

Rooms 2001-2002
China Resources Building
26 Harbour road
Wanchai
Hong Kong

Telephone: (852) 2593 7530
http://www/cr-power.com