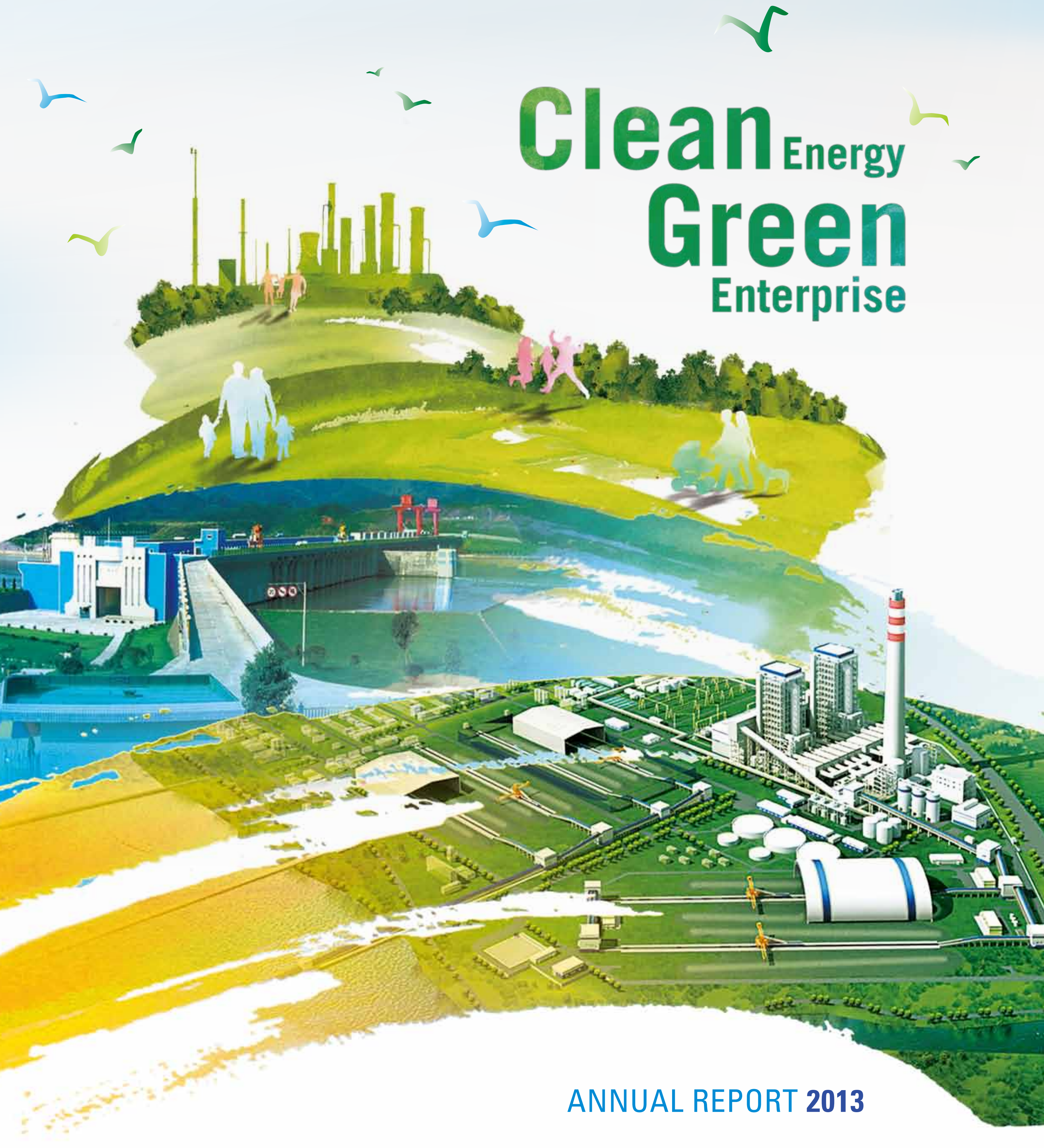
China Power International Development Limited

中國電力國際發展有限公司

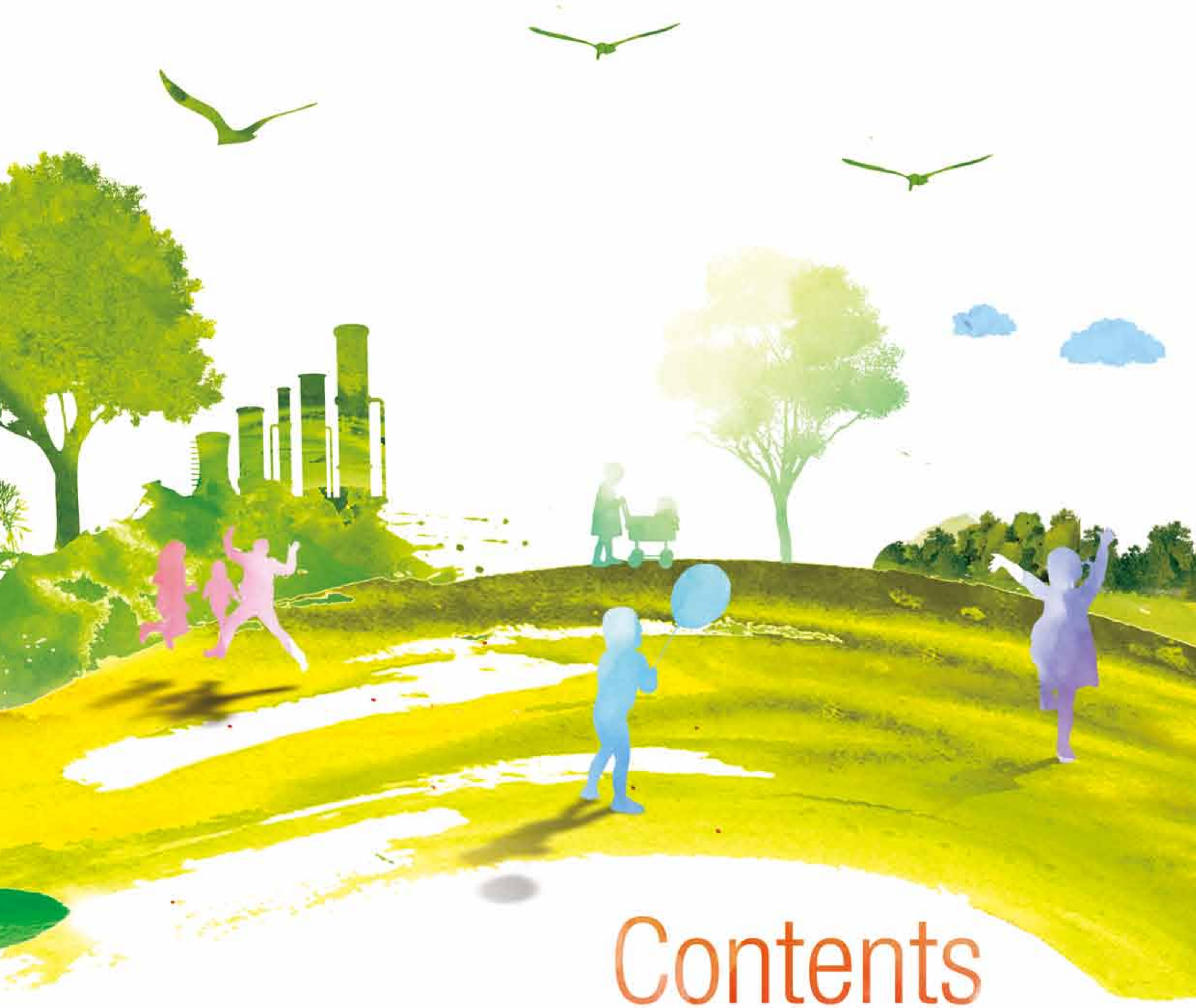
(incorporated in Hong Kong with limited liability)

(Stock Code : 2380)

Clean Energy Green Enterprise



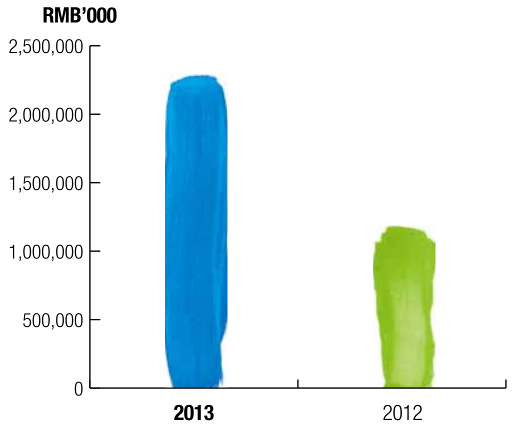
ANNUAL REPORT **2013**



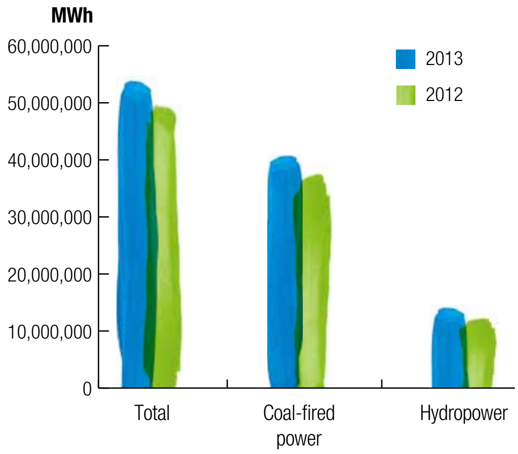
Contents

2013 FINANCIAL HIGHLIGHTS

Profit attributable to owners of the Company
for the year ended 31 December

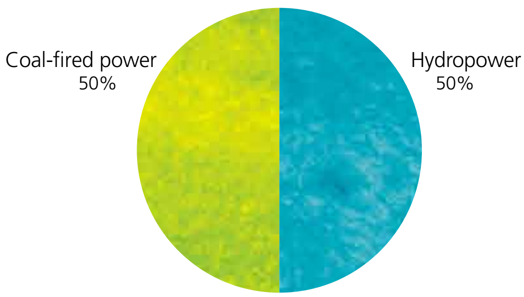


Electricity sold
for the year ended 31 December

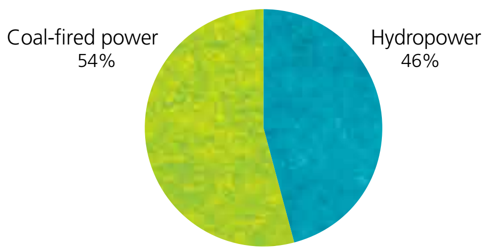


	2013 RMB'000	2012 RMB'000	Change %
Profit attributable to owners of the Company	**2,289,888**	1,181,125	93.87
	MWh	MWh	%
Total electricity sold	**52,795,155**	49,202,653	7.30
— Coal-fired power	**39,852,279**	37,196,308	7.14
— Hydropower (including minor wind power)	**12,942,876**	12,006,345	7.80

Net profit
for the year ended 31 December 2013



Net profit
for the year ended 31 December 2012



	2013 RMB'000	**Proportion %**	2012 RMB'000	Proportion %
Net profit	**3,275,392**	**100**	1,681,276	100
— Coal-fired power*	**1,643,929**	**50**	911,990	54
— Hydropower	**1,631,463**	**50**	769,286	46

* *It included other minor items, please refer to the details as set out in Note 5 "Turnover, revenue and segment information" in the notes to the financial statements.*

	2013 RMB	2012 RMB	Change %
Earnings per share			
Basic	0.40	0.22	81.82
Diluted	0.35	0.21	66.67

	2013 RMB'000	2012 RMB'000	Change %
Revenue	18,826,728	17,497,128	7.60
Profit attributable to owners of the Company	2,289,888	1,181,125	93.87
Shareholders' equity, excluding interest of non-controlling shareholders	18,421,656	14,942,244	23.29
Total assets	76,738,968	69,909,398	9.77
Cash and cash equivalents	1,641,368	2,016,418	(18.60)
Total borrowings	45,134,526	44,939,874	0.43

	2013 MWh	2012 MWh	Change %
Total power generation*	55,582,400	51,859,151	7.18
Total electricity sold*	52,795,155	49,202,653	7.30

* *Excluding associates and joint ventures*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

LI Xiaolin *(Chairman of the Board and Chief Executive Officer)*
GU Dake *(President)*

Non-Executive Directors

GUAN Qihong
WANG Zichao

Independent Non-Executive Directors

KWONG Che Keung, Gordon
LI Fang
TSUI Yiu Wa, Alec

AUDIT COMMITTEE

KWONG Che Keung, Gordon *(Chairman)*
LI Fang
TSUI Yiu Wa, Alec

REMUNERATION AND NOMINATION COMMITTEE

LI Fang *(Chairman)*
KWONG Che Keung, Gordon
TSUI Yiu Wa, Alec

EXECUTIVE COMMITTEE

LI Xiaolin *(Chairman)*
GU Dake
All vice presidents of the Company

COMPANY SECRETARY

CHEUNG Siu Lan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6301, 63/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong

BEIJING OFFICE

East Building, Hui Huang Shi Dai Plaza
56 North West Fourth Ring Road, Haidian District
Beijing, China

COMPANY WEBSITE

www.chinapower.hk

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

- Ordinary Shares (Stock Code: 2380)
- RMB982 Million USD Settled 2.25% Convertible Bonds Due 2016 (Stock Code: 4517)
- RMB1,140 Million USD Settled 2.75% Convertible Bonds Due 2017 (Stock Code: 4564)

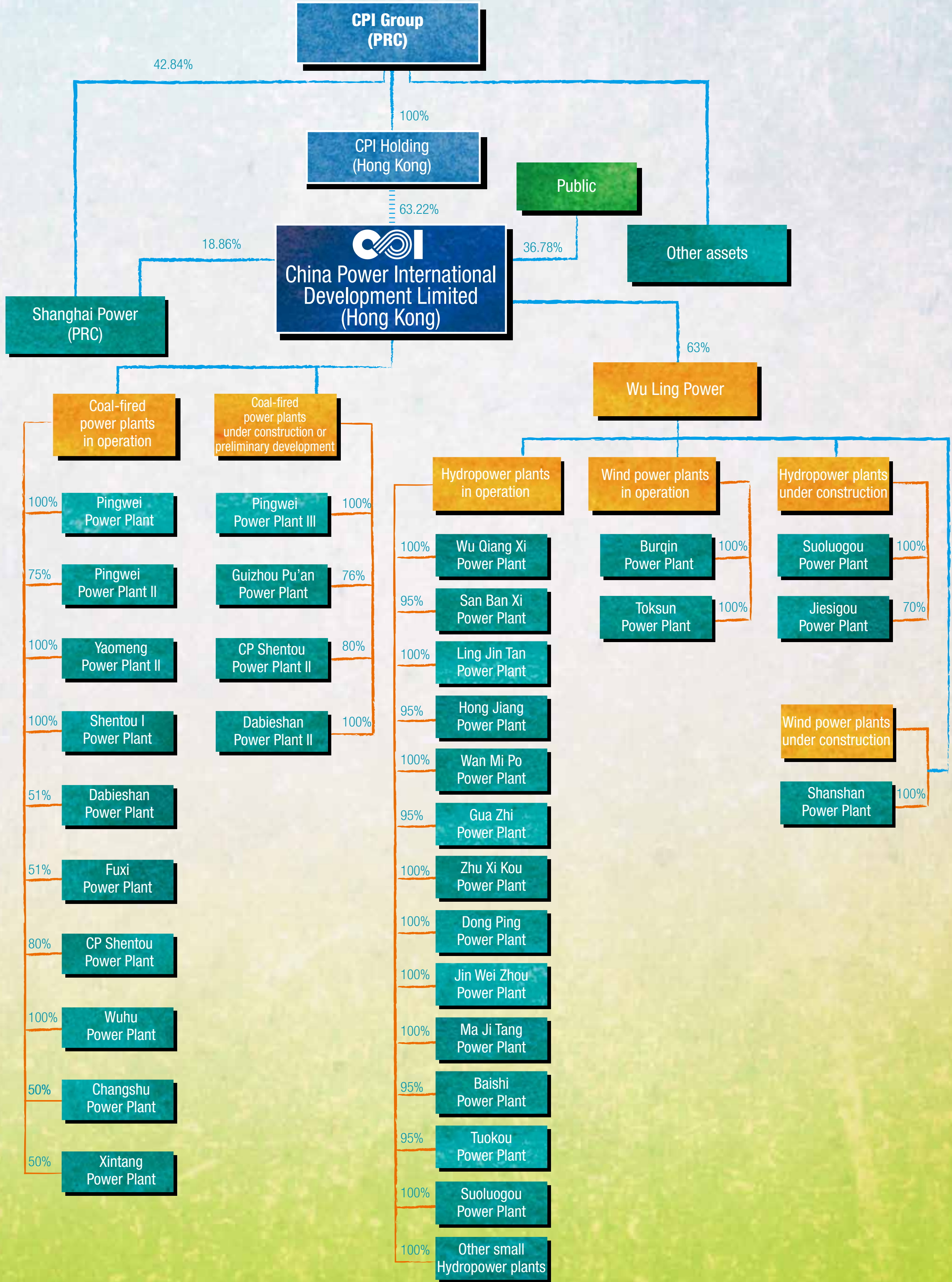
SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

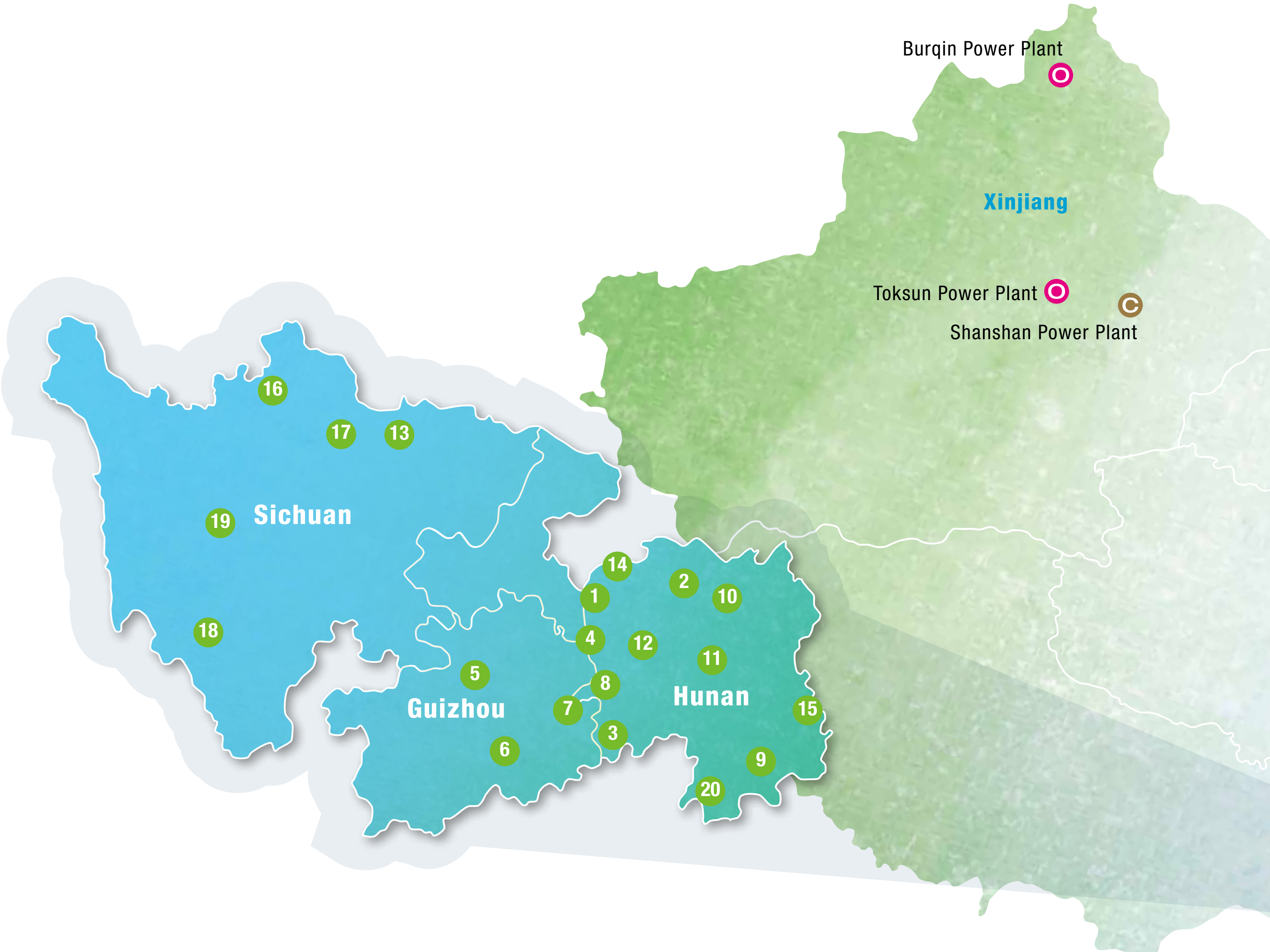
PricewaterhouseCoopers

GROUP STRUCTURE



Note: The above group structure is recorded as at the date of this annual report.

LOCATION OF POWER PLANTS



1 Wu Qiang Xi Power Plant	9 Jin Wei Zhou Power Plant
2 Ling Jin Tan Power Plant	10 Ma Ji Tang Power Plant
3 Hong Jiang Power Plant	11 Zhu Xi Kou Power Plant
4 Wan Mi Po Power Plant	12 Dong Ping Power Plant
5 San Ban Xi Power Plant	13 Suoluogou Power Plant
6 Gua Zhi Power Plant	14 – 18 Other small hydropower plants
7 Baishi Power Plant	19 Jiesigou Power Plant
8 Tuokou Power Plant	20 Li Yu Jiang Power Plant


Liaoning
Qinghe Power Plant
Beijing
CP Shentou Power Plant
Shentou I Power Plant
Shanxi
Yaomeng Power Plant II
Henan
Jiangsu
Changshu Power Plant
Shanghai
Shanghai Power
Pingwei Power Plant
Pingwei Power Plant II
Pingwei Power Plant III
Sichuan
Fuxi Power Plant
Hubei
Anhui
Dabieshan Power Plant
Wuhu Power Plant
Wu Ling Power Plants
Hunan
Guizhou
Guangdong
Xintang Power Plant
Power plants in operation
A power plant managed by the Company
Power plants under construction
18.86% stake in Shanghai Power

COMPANY PROFILE

China Power International Development Limited (the "Company" or "China Power") was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 24 March 2004 and is the flagship company of China Power Investment Corporation ("CPI Group"), one of the five national power generation groups in the People's Republic of China (the "PRC" or "China").

The shares of the Company were listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 15 October 2004. The stock code is 2380. The Company's principal business is to develop, construct, own, operate and manage large power plants in the PRC.

EXISTING POWER PLANTS

As at 31 December 2013, the Company and its subsidiaries (collectively, the "Group" or "We") owned and operated the power plants as follows:

Coal-fired Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Pingwei Power Plant	1,260	100	1,260
Pingwei Power Plant II	1,280	75	960
Yaomeng Power Plant II	2,470	100	2,470
Shentou I Power Plant	400	100	400
Dabieshan Power Plant	1,280	51	652.8
Fuxi Power Plant	1,200	51	612
CP Shentou Power Plant	1,200	80	960
Wuhu Power Plant	1,320	100	1,320
Changshu Power Plant	3,320	50	1,660
Xintang Power Plant	600	50	300
Li Yu Jiang Power Plant	600	25.20	151.2
Shanghai Power	8,470	18.86	1,597.4
Total	**23,400**		**12,343.4**

Hydropower

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Wu Qiang Xi Power Plant	1,200	63	756
San Ban Xi Power Plant	1,000	59.85	598.5
Ling Jin Tan Power Plant	270	63	170.1
Hong Jiang Power Plant	270	59.85	161.6
Wan Mi Po Power Plant	240	63	151.2
Gua Zhi Power Plant	150	59.85	89.8
Zhu Xi Kou Power Plant	74	63	46.6
Dong Ping Power Plant	72	63	45.4
Jin Wei Zhou Power Plant	63	63	39.7
Ma Ji Tang Power Plant	55.5	63	35
Baishi Power Plant	420	59.85	251.4
Suoluogou Power Plant	10	63	6.3
Other small hydropower plants	103.1	~57.33–63	64.2
Total	**3,927.6**		**2,415.8**

Wind Power

Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Burqin Power Plant	49.5	63	31.2
Toksun Power Plant	49.5	63	31.2
Total	**99**		**62.4**

As at 31 December 2013, the Group's total attributable installed capacity was 14,821.6MW, of which attributable installed capacity of hydropower was 2,415.8MW, accounting for 16.30% of all attributable installed capacity, making the Company having the highest percentage of hydropower installed capacity among the PRC power generation companies listed overseas.

COMPANY PROFILE

As at 31 December 2013, the Group's projects under construction are as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)
Pingwei Power Plant III	Coal-fired power	2,000	100	2,000
Tuokou Power Plant (Note)	Hydropower	830	59.85	496.8
Suoluogou Power Plant	Hydropower	21	63	13.2
Jiesigou Power Plant	Hydropower	24	44.1	10.6
Shanshan Power Plant	Wind power	49.5	63	31.2
Total		**2,924.5**		**2,551.8**

Note: The six new hydropower generating units of Tuokou Power Plant of total 830MW have commenced commercial operation in March 2014.

As at the date of this annual report, the Company also manages a power plant on behalf of China Power International Holding Limited ("CPI Holding"), the controlling company of the Company. The details are as follows:

Managed Power Plant	Employer	Installed Capacity (MW)
Qinghe Power Plant	CPI Holding	1,600
Total		**1,600**

NEW DEVELOPMENT PROJECTS

As at the date of this annual report, the total installed capacity of new projects in a preliminary development stage (including those projects which the PRC government approvals have been applied for) is 5,440MW.

Currently, the installed capacity of coal-fired power projects under preliminary development is as follows:

Power Plant	**Installed Capacity** (MW)	**Interest** (%)	**Attributable Installed Capacity** (MW)
CP Shentou Power Plant II	2,000	80	1,600
Guizhou Pu'an Power Plant	1,320	76	1,003.2
Dabieshan Power Plant II	1,320	100	1,320
Total	**4,640**		**3,923.2**

Currently, the total installed capacity of hydropower projects under preliminary development work is approximately 800MW. They are small to medium-sized hydropower projects mainly located in the areas with rich water resources such as Sichuan and Hunan.

OUR ULTIMATE CONTROLLING COMPANY — CPI GROUP

The Company is ultimately owned by CPI Group, which is one of the five national power generation groups in China established pursuant to the restructuring of the power industry of the PRC in 2002. The power plants of CPI Group spread across 28 provinces, municipalities and autonomous regions in the PRC with a controllable installed capacity of approximately 90GW.

MAJOR EVENTS IN 2013

REVIEW OF MAJOR CORPORATE EVENTS IN THE FIRST HALF OF THE YEAR

January

China Power announced its gross power generation for the year in 2012 of 51,859,151MWh, representing an increase of 3.44% over 2011.

China Power announced the first 1,000MW coal-fired power generating unit of Changshu Power Plant, a 50%-owned associate of the Company, commenced commercial operation.

Wu Ling Power announced the completion of the issuance of the second tranche of RMB500 million short-term debentures with a maturity of 365 days and the interest rate at 4.86% per annum.

March

China Power announced its annual results for 2012, the profit attributable to owners of the Company was approximately RMB1,181,125,000, representing an increase of 133.79% over 2011.

April

China Power announced its gross power generation for the first quarter in 2013 of 13,364,401MWh, representing an increase of 3.68% over the same period in 2012.

Wu Ling Power announced the first two hydropower generating units of total 280MW of Baishi Power Plant, a 95%-owned subsidiary of Wu Ling Power, commenced commercial operation.

May

China Power entered into the coal supply framework agreement with China Coal Energy.

China Power held its annual general meeting in Hong Kong.

Wu Ling Power announced the third 140MW hydropower generating unit of Baishi Power Plant, a 95%-owned subsidiary of Wu Ling Power, commenced commercial operation.

June

China Power announced the first 600MW coal-fired power generating unit of CP Shentou Power Plant, a 80%-owned subsidiary of the Company, commenced commercial operation.

Wu Ling Power announced the completion of the issuance of the 2013-first-tranche of RMB500 million non-public issuance of debt financing instrument with a maturity of two years and the interest rate at 5.50% per annum.

REVIEW OF MAJOR CORPORATE EVENTS IN THE SECOND HALF OF THE YEAR

July

China Power announced its gross power generation for the first half of 2013 of 28,345,116MWh, representing an increase of 4.93% over the same period in 2012.

Wu Ling Power announced the disposal of Heimifeng Pumped-storage Hydropower Plant, a wholly-owned branch company of Wu Ling Power, at a consideration of RMB1,104,878,000.

August

China Power announced its interim results for 2013, the profit attributable to owners of the Company was approximately RMB1,401,196,000, representing an increase of 155.79% over the same period last year.

September

China Power announced the second 600MW coal-fired power generating unit of CP Shentou Power Plant, a 80%-owned subsidiary of the Company, commenced commercial operation.

October

China Power announced its gross power generation for the first three quarters in 2013 of 42,210,060MWh, representing an increase of 5.85% over the same period in 2012.

China Power announced the desulphurization benchmark on-grid tariffs for its seven coal-fired power plants were adjusted downward but was compensated with an increased denitration tariff and a new dedusting tariff subsidies.

China Power announced its proposed acquisition of 100% interest in Wuhu Power Plant from its holding company, CPI Holding at a consideration of RMB1,450,000,000, 85% (or RMB1,232,500,000) of which was satisfied by the issue of consideration shares.

November

China Power held its extraordinary general meeting in Hong Kong for voting to approve the acquisition of Wuhu Power Plant.

The merger of the two power plants, Yaomeng Power Plant and Yaomeng Power Plant II came in force. Effective from 1 November 2013, Yaomeng Power Plant II's power generation and electricity sold would include that of Yaomeng Power Plant, and Yaomeng Power Plant therefrom ceased commercial operation.

China Power announced the completion of the acquisition of 100% interest in Wuhu Power Plant, and 541,710,619 consideration shares (representing 85% of the consideration) were issued and allotted to CPI Holding at the price of HK$2.88 per consideration share.

December

China Power separately entered into the coal supply framework agreements with Huainan Mining and China Coal Energy.

China Power announced the second 1,000MW coal-fired power generating unit of Changshu Power Plant, a 50%-owned associate of the Company, commenced operation.

LETTER TO SHAREHOLDERS

ON BEHALF OF THE BOARD,
I HEREBY PRESENT THE RESULTS OF

CHINA POWER

FOR THE YEAR ENDED 31 DECEMBER 2013 TO OUR SHAREHOLDERS.

DEAR SHAREHOLDERS

The Company achieved excellent results once again in both operations and development in 2013 following the year 2012. Through the unremitting efforts of all our staff in seizing favorable opportunities, accelerating the pace of development and enhancing operational management continuously, the Group not only managed to fulfill various tasks and targets for the year but also delivered another year of record best results with promising prospects for future development.

BUSINESS REVIEW OF 2013

As at 31 December 2013, the installed capacity attributable to the Group was approximately 14,822MW, of which approximately 17% was the attributable installed capacity of hydropower (including minor wind power). Consolidated total assets amounted to approximately RMB76,739 million, representing an increase of 9.77% over 2012. Consolidated operating revenue amounted to approximately RMB18,827 million, representing an increase of 7.60% over the previous year. Finance costs reduced by 10.39% over the previous year to approximately RMB1,512 million. The gearing ratio at the end of the year was approximately 65%, representing a decrease of 4 percentage points as compared with that at the previous year-end, and our liquidity has also improved.

In 2013, the profit attributable to owners of the Company amounted to approximately RMB2,290 million, representing an increase of 93.87% over the previous year. Earnings per share was approximately RMB0.40¸ representing an increase of RMB0.18 over the previous year. The Board recommended the payment of a final dividend of RMB0.16 per ordinary share.

LETTER TO SHAREHOLDERS

As the Group enhanced its marketing efficiency in 2013, our total power generation was approximately 55.582 billion KWh, representing an increase of 7.18% over the previous year. The average on-grid tariff of coal-fired power decreased by RMB4.10/MWh year-on-year to RMB373.51/MWh, and the average on-grid tariff of hydropower increased by RMB9.69/MWh year-on-year to RMB288.56/MWh. As a result of our initiatives on energy saving and reduction in coal consumption, the Group achieved an average coal consumption rate of 314.84g/KWh for power generation in 2013, representing a decrease of 1.86g/KWh as compared with the previous year. The unit fuel cost was approximately RMB226.00/MWh, down approximately 11.23% over the previous year.

Upon our successful acquisition of Wuhu Power Plant and the disposal of Heimifeng Power Plant at a premium in 2013, the quality of our assets has generally improved. Meanwhile, coal-fired power generation has delivered record results repeatedly and progress on the development strategy of establishing coal-fired generating unit with "large capacities and high parameters" has been moving forward steadily. Two companies realized "new dual-unit concurrent operations", namely the two coal-fired power generating units with installed capacity of 600MW each of CP Shentou Power Plant and the two coal-fired power generating units with installed capacity of 1,000MW each of Changshu Power Plant, an associate, came into commercial operations during the year respectively. The construction of two coal-fired power generating projects with installed capacity of 1,000MW each of Pingwei Power Plant III has been underway currently after obtaining the approval from relevant government authority. Our new development projects included two coal-fired power generating projects with installed capacity of 1,000MW each of CP Shentou Power Plant II and two coal-fired power generating units with installed capacity of 660MW each of Guizhou Pu'an Power Plant, those projects have been approved by relevant state and provincial authorities for preliminary development. Application for preliminary development of two coal-fired power generating units with installed capacity of 660MW each of Dabieshan Power Plant II has also been submitted to relevant state authority. In addition, we have been planning to build large-scale coal-fired projects at the location of coal mines, ports and ultra high voltage power transmission grids in an orderly manner, and the preliminary preparation work is now in the process.

In 2013, Wu Ling Power, a subsidiary of the Group principally engaged in hydropower generation, has hydropower projects of 430MW in total came into commercial operation, and another 44MW has been approved by relevant government departments. Positive achievement has been obtained in development and acquisition of small to medium-sized hydropower plants in Sichuan and Hunan.

Over the past decade since our listing on the Hong Kong Stock Exchange in 2004, the Board and all staff members of the Company have made their unremitting efforts in reacting to the changing landscapes for our operations and development prudently, so as to effectively expand our scale of business as well as optimize asset structures, resulting in significant enhancement in competitiveness and management efficiency. As such, our operating results have improved unceasingly over years, indicating healthy, promising and foreseeable prospects for development.

In 2013, with the support from our shareholders and the hard work of all staff, the Company was able to realize its promises to "create value for our shareholders and shoulder social responsibilities" by delivering the best-ever performance over the past decade since its listing and fulfilling the tasks and targets set at the beginning of the year, laying a sound foundation for future development. I hereby give my sincerest thanks to all shareholders on behalf of the Board and all employees of the Group.

OUTLOOK FOR 2014

Looking ahead to 2014, the global economy continues to recover and the favorable trend for economic development in the PRC in the long run shall remain basically unchanged. The PRC government has been committed to the overall policy of seeking steady economic progress, promoting reforms and innovation. More emphasis is placed on the decisive role of the market. In addition, the government accelerates structural adjustment of economy, enhances the quality and effectiveness of development and effectively stimulates domestic demand with an aim to ensure moderate growth of the PRC economy and thus maintain a growth in demand for electricity in general. In such circumstances, the Group will continue to speed up the pace of development, optimize asset structure, enhance management efficiency, bolster energy saving and emission reduction in order to ensure relentless growth in profitability and deliver better results.

As this year marks the 10th anniversary of our listing, we will conduct a comprehensive review on our business operations and proactively adapt to the competitive reality that market is playing the decisive role. We will considerably adjust and optimize our development strategies, human resources management, internal controls and quality of corporate governance, so as to reinforce our operating results. Furthermore, we will develop environment-friendly coal-fired power generating units with large capacity, accelerate the development of clean energies, in particular hydropower, in an orderly manner, in an effort to expand the proportion of clean power generation capacity in future. I am confident that our remarkable development will be sustained in 2014 and better results will be delivered, creating higher value for our investors.

Li Xiaolin
Chairman of the Board

19 March 2014

DIRECTORS AND SENIOR MANAGEMENT PROFILES

CHAIRMAN OF THE BOARD

LI Xiaolin, born in 1961, is the chairman of the Board, an executive director and the chief executive officer of the Company. Ms. Li is a senior engineer and has a master of engineering degree in power system and automation from Tsinghua University and was a visiting scholar at the Sloan Business School of Massachusetts Institute of Technology in the United States. Ms. Li is currently the deputy general manager of CPI Group, chairman of CPI Holding, the chairman of the board of China Power New Energy Development Company Limited and a director of Companhia de Electricidade de Macau. She is also a member of the 11th (All-China Women's Federation) and 12th (Economic) National Committee of the Chinese People's Political Consultative Conference. She previously served as the commissioner of the International Economic and Trade Division of the Ministry of Electric Power Industry and the deputy commissioner of the International Economic and Trade Division of the Ministry of Energy.

EXECUTIVE DIRECTOR

GU Dake, born in 1954, is an executive director and the president of the Company. Mr. Gu is a senior engineer and has a professional qualification in thermal power from the Northeast China Institute of Electric Power Engineering. Mr. Gu is currently a director and general manager of CPI Holding. He previously served as the chief operational officer in the power generation of CPI Group, the deputy general manager of the branch company of CPI Group in Northern China, the general manager of Shanxi Zhangze Power Company Limited, the vice president of the Company, the deputy general manager and the chief engineer of CPI Holding, the deputy general manager and the chief engineer of Beijing Guohau Power Limited and the vice president of CLP Guohau Corporation.

NON-EXECUTIVE DIRECTORS

GUAN Qihong, born in 1962, is a non-executive director of the Company. Mr. Guan is a senior economist and a senior auditor and has a bachelor of engineering degree from Huazhong Institute of Technology, a master degree in economics from Zhongnan University of Economics and a doctoral degree in economics from Xiamen University. Mr. Guan is currently the supervisor of the Capital Market and Equity Department of the CPI Group, a director of the CPI Financial and a director of the CPI Holding. He previously served as the commissioner of Asset Assessment Centre of National Asset Management Bureau, the deputy secretary-general of China Appraisal Society, the assistant to the head of Finance and Property Ownership Management Department of the State Power Corporation of China (國家電力公司) and the chief economist of State Grid Shenzhen Energy Development Group Co., Ltd.

WANG Zichao, born in 1970, is a non-executive director of the Company. Mr. Wang is a senior engineer and has a master of engineering degree in power system and automation from North China Electric Power University and a master degree in business administration from China Europe International Business School. Mr. Wang is currently the chairman of Wu Ling Power and the general manager of the branch company of CPI Group in Hunan. Mr. Wang previously served as the vice president of the Company, the deputy general manager of Wu Ling Power, the deputy general manager of CPI Holding and also the general manager of various departments of the Company.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

KWONG Che Keung, Gordon, born in 1949, is an independent non-executive director of the Company. Mr. Kwong has been the chairman of the audit committee and a member of the remuneration and nomination committee of the Company since August 2004. Mr. Kwong is currently an independent non-executive director of a number of companies listed on the Hong Kong Stock Exchange, including China COSCO Holdings Company Limited, NWS Holdings Limited, OP Financial Investments Limited, Global Digital Creations Holdings Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited, CITIC Telecom International Holdings Limited and Chow Tai Fook Jewellery Group Limited. Mr. Kwong was previously an independent non-executive director of COSCO International Holdings Limited, Beijing Capital International Airport Company Limited, Quam Limited and China Chengtong Development Group Limited during the past three years. From 1984 to 1998, Mr. Kwong was a partner of Pricewaterhouse and was a council member of the Hong Kong Stock Exchange from 1992 to 1997. Mr. Kwong has a bachelor of social science degree from The University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of Hong Kong Institute of Certified Public Accountants.

LI Fang, born in 1962, is an independent non-executive director of the Company. Mr. Li has been the chairman of the remuneration and nomination committee and a member of the audit committee of the Company since August 2004. Mr. Li has a bachelor of mechanical engineering degree from Beijing University of Science and Technology and a juris doctoral degree from the College of Law of Arizona State University in the United States in 1995. Mr. Li is currently the director of Beijing Mainstreets Investment Group Corporation and an independent non-executive director of China Power New Energy Development Company Limited. Mr. Li has extensive experience in business management and corporate finance. He previously served as an executive director of Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk and Wardwell LLP in the United States.

TSUI Yiu Wa, Alec, born in 1949, is an independent non-executive director of the Company, a member of the remuneration and nomination committee and the audit committee of the Company. Mr. Tsui has a bachelor of science degree in industrial engineering and a master degree in industrial engineering from the University of Tennessee in the United States and completed the Program of Senior Managers in Government at the John F. Kennedy School of Government at Harvard University of the United States in 1993. Mr. Tsui is currently the chairman of WAG Worldsec Corporate Finance Limited and an independent non-executive director of a number of companies listed in Hong Kong, Shanghai, Philippines and NASDAQ in the United States, including COSCO International Holdings Limited, Melco Crown Entertainment Limited, ATA Inc, China Oilfield Services Limited, Pacific Online Limited, Summit Ascent Holdings Limited and Melco Crown (Philippines) Resorts Corporation (previous known as Manchester International Holdings Unlimited Corporation). Mr. Tsui has substantial experience in the operations of listed companies in Hong Kong. He previously served as a director of the Finance & Operations Services Division of the Hong Kong Stock Exchange, the chief executive of the Hong Kong Stock Exchange, chief operating officer of The Hong Kong Exchanges and Clearing Limited and the chief executive officer of the Regent Pacific Group.

SENIOR MANAGEMENT

WANG Zhiying, born in 1957, is a vice president of the Company. Mr. Wang is a professor level senior engineer. He graduated from the Northeast China Institute of Electric Power Engineering with a bachelor of engineering degree in power system and relaying protection. Mr. Wang is currently the vice general manager of CPI Holding. He previously served in various positions, including the general manager of the department of engineering, the deputy chief engineer and the chief engineer of CPI Holding and the deputy commissioner of the Production Coordination Department and Integrated Planning Department in the Ministry of Electric Power Industry.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

ZHAO Yazhou, born in 1959, is a vice president of the Company. Mr. Zhao is a senior accountant. He studied technological economics at postgraduate level at the Harbin Institute of Technology and completed training courses for the chief accountants of major enterprises of the State Power Company at the National Accounting Institute. Mr. Zhao also acts as vice general manager of CPI Holding. He previously served in various positions, including the general manager of finance department, the deputy chief accountant and the chief financial controller of CPI Holding and the head of finance department of Heilongjiang Provincial Power Bureau.

ZHAO Xinyan, born in 1962, is a vice president of the Company. Mr. Zhao is a senior engineer. He graduated from Chongqing University with a bachelor degree in materials engineering, and from Guanghua School of Management, Peking University with a master of business administration degree. Mr. Zhao is currently the vice general manager of CPI Holding and an executive director of China Power New Energy Development Company Limited. He previously served as assistant to the general manager and general manager in various departments of CPI Holding.

GU Xiaodong, born in 1956, is a vice president of the Company. Mr. Gu is a senior political engineer. He graduated from Liaoning Party School (遼寧省委黨校) with a master degree. Mr. Gu is head of disciplinary commission and the chairman of the labour union of CPI Holding. He previously served as the secretary of disciplinary commission and the chairman of the labour union of Wu Ling Power, the head of the disciplinary commission and the supervisor of labour committee of the branch company of CPI Group in Hunan, the senior manager of the personnel and labour department of CPI Group and the deputy head of the management department of personnel and directors of Northeast China Grid Company of State Grid Company.

CHENG Boru, born in 1962, is a vice president of the Company. Mr. Cheng is a senior engineer. He graduated from Xi'an Jiaotong University with a bachelor degree in computing and an executive master of business administration degree from Naning University. Mr. Cheng is the deputy general manager of CPI Holding. He previously served as the general manager of Pingwei Power Plant, the general manager of the engineering department of CPI Holding and the general manager of Yaomeng Power Plant II.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

XU Lihong, born in 1966, is the financial controller of the Company. Ms. Xu is a senior accountant. She graduated from the Faculty of Finance, Changsha University of Electric Power and obtained a master degree in business administration from Northeast China University. She is currently a director and the financial controller of CPI Holding, and a director of Shanghai Power. She previously served as the deputy chief accountant of CPI Holding, the general manager of various departments of the Company, the deputy commissioner of the Economic and Operation Division of Power Department under the State Economic and Trade Commission, and a principal staff member of finance department of Huazhong Electric Industry Management Bureau (華中電業管理局) and State Power Corporation of China.

HUANG Chen, born in 1968, is the chief engineer of the Company. Mr. Huang is a senior engineer. He graduated from Shanghai University of Electric Power with a qualification in thermal power engineering and a master degree in thermal power engineering from Southeast University. Mr. Huang previously served as the deputy factory director and the chief engineer of Wuhu Power Plant, and the general manager of Shentou I Power Plant, Pingwei Power Plant and Pingwei Power Plant II.

COMPANY SECRETARY

CHEUNG Siu Lan is the company secretary of the Company. Ms. Cheung is a fellow member of The Hong Kong Institute of Chartered Secretaries, The Institute of Chartered Secretaries and Administrators in the United Kingdom, Hong Kong Institute of Certified Public Accountants and CPA Australia. She has a bachelor degree in commerce from The University of Queensland, Australia and obtained a master degree in professional accounting and a postgraduate diploma in corporate administration from The Hong Kong Polytechnic University. Ms. Cheung previously served as the company secretary and the group financial controller of a listed group in Hong Kong. She has extensive experience in the fields of corporate governance, corporate finance and mergers and acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in investment, development, operation and management of coal-fired power and hydropower plants in Mainland China. Its power generation businesses are mainly located in the power grid regions of Eastern, Southern, Central and Northern China.

In 2013, the domestic economy in China maintained steady and moderate growth which drove up the growth rate for electricity demand. The total electricity consumption in China rose by 7.50% year on year, representing a two percentage points higher than the growth rate of 5.50% in the previous year. The overall electricity supply and demand in China remained in balance. During the year, the average utilization hours of power generation facilities in China was 4,511 hours, representing a year-on-year decrease of 68 hours. Of which, the average utilization hours of coal-fired power facilities was 5,012 hours, representing a year-on-year increase of 30 hours, while the average utilization hours of hydropower facilities was 3,318 hours, representing a year-on-year decrease of 273 hours. The performance of the Group's businesses was generally in line with the power industry in China last year.

Benefiting from the strategic structure of "balanced hydro and coal-fired power generation" and timely seizure of the market opportunities, the total electricity sold from coal-fired power and hydropower of the Group both recorded a considerable growth during the year under review. The continuing low coal prices and appropriate control over coal consumption caused a significant drop in the unit fuel cost of coal-fired power. The commencement of new power generating units into commercial operation, the increase in profit contribution from associates and the one-off gain on disposal of asset, all helped improving our results. The above favourable factors contributed to the excellent performance of the Group in 2013, with the consolidated net profits hitting a record high.

In 2013, the Group recorded revenue of approximately RMB18,826,728,000, representing an increase of approximately 7.60% as compared with the previous year, while the profit attributable to the owners of the Company amounted to approximately RMB2,289,888,000, representing an increase of approximately 93.87% as compared with the previous year. The basic earnings per share was approximately RMB0.40, representing an increase of approximately RMB0.18 from RMB0.22 of the previous year. Net asset per share, excluding interest of non-controlling shareholders, was RMB2.88, representing an increase of RMB0.19 as compared with the previous year.

Attributable Installed Capacity

As a result of new generating units commencing operation and an acquisition of a power plant, for the year ended 31 December 2013, the attributable installed capacity of the power plants of the Group reached 14,822MW, representing an increase of approximately 3,091MW or 26.35% as compared with the previous year, among which the attributable installed capacity of coal-fired power was 12,343MW, representing approximately 83% of the total attributable installed capacity, and the attributable installed capacity of hydropower (including minor wind power) was 2,479MW, representing approximately 17% of the total attributable installed capacity.

Power Generation, Electricity Sold and Utilization Hours

In 2013, the aggregate gross power generation of the Group reached 55,582,400MWh, representing an increase of 7.18% as compared with the previous year, among which the generation from coal-fired power and hydropower (including minor wind power) reached 42,455,060MWh and 13,127,340MWh respectively. The aggregate total electricity sold also reached 52,795,155MWh, representing an increase of 7.30% as compared with the previous year, among which the electricity sold from coal-fired power and hydropower (including minor wind power) reached 39,852,279MWh and 12,942,876MWh respectively.

In 2013, the average utilization hours of coal-fired power generating units was 4,998 hours, representing an increase of 39 hours as compared with the previous year, which was mainly because of the prolonged high temperature during the summer in regions such as Eastern China as well as the decrease in average utilization hours of hydropower generation facilities in the local provinces as compared with the previous year, thus making room for significant increase in coal-fired power generation. The average utilization hours of hydropower generating units was 3,436 hours, representing a decrease of 46 hours as compared with the previous year.

On-Grid Tariff

In 2013, the average on-grid tariff of coal-fired power of the Group was RMB373.51/MWh, representing a decrease of RMB4.10/MWh as compared with the previous year, while the average on-grid tariff of hydropower of the Group was RMB288.56/MWh, representing an increase of RMB9.69/MWh as compared with the previous year.

The decrease in the average on-grid tariff of coal-fired power was mainly attributable to the adjustments of on-grid tariffs for power generation enterprises made by the National Development and Reform Commission in September 2013, lowering the benchmark on-grid tariffs for coal-fired power generation enterprises. As a result, the on-grid tariffs for the Group's coal-fired power plants (except Fuxi Power Plant) were adjusted downward.

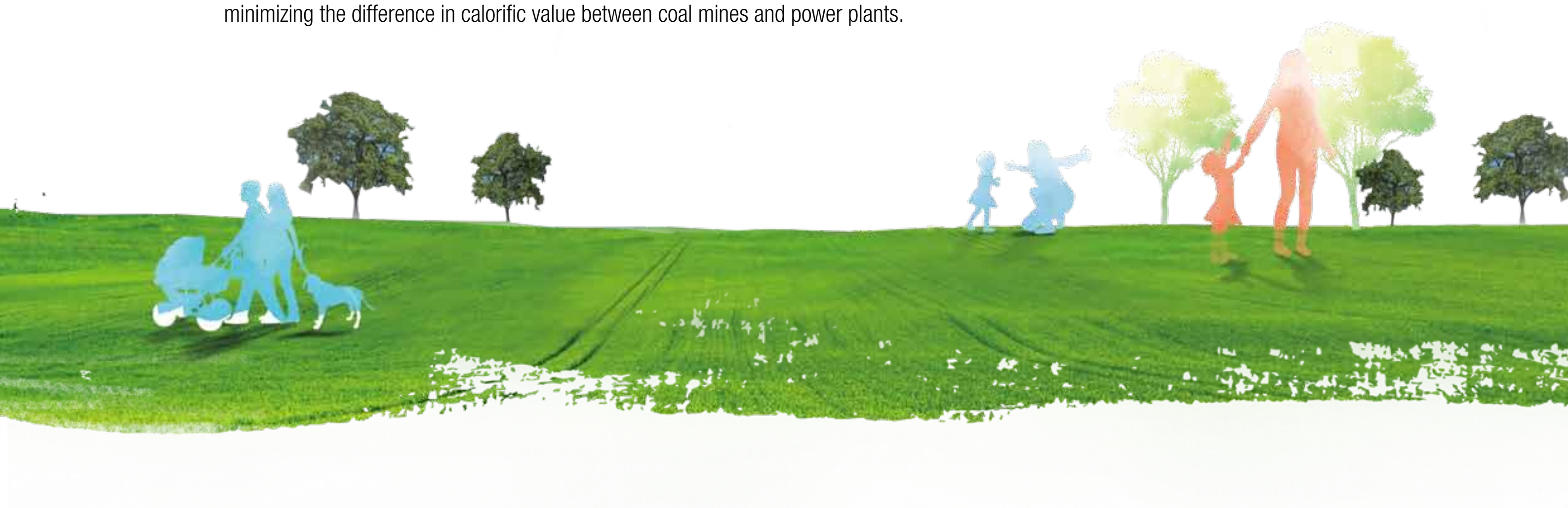
The increase in the average on-grid tariff of hydropower was mainly due to the greater volume of power generated by those hydropower plants with higher on-grid tariffs per unit, thus raising the average on-grid tariff of hydropower in general.

Unit Fuel Cost

In 2013, the average unit fuel cost of the Group's coal-fired power generation business was approximately RMB226.00/MWh, representing a decrease of approximately 11.23% from that of RMB254.60/MWh of the previous year.

The decrease in the unit fuel cost was primarily due to the continuing decline in coal prices since the beginning of the year under review, and the new power generating units with large capacity commencing operation, driving down the coal consumption, and thus raising the Group's profit margin from coal-fired power generation business as well as improving the overall gross profit margin.

The Group continues to implement measures to control the overall fuel costs, such as enhancing the facility, lowering coal consumption, optimizing coal sourcing structure, improving calorific value, controlling monthly procurement plan, strengthening stock inspection and minimizing the difference in calorific value between coal mines and power plants.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Significant Investment

As at 31 December 2013, the Group had interest in 18.86% of the issued share capital of Shanghai Power, whose A-shares were listed on the Shanghai Stock Exchange.

The Group recognizes its shareholding in Shanghai Power as "Available-for-sale financial assets". As at 31 December 2013, the fair value of the shareholding held by the Group was approximately RMB1,872,081,000, being no change as compared with the corresponding amount at 31 December 2012.

Material Acquisitions and Disposals

In July 2013, the Group entered into an agreement to dispose of its sole pumped storage hydropower generation unit, Heimifeng Power Plant, to State Grid Corporation of China at a consideration of RMB1,104,878,000. The transaction was completed during the year and the Group recorded a gain on disposal of RMB771,603,000.

In November 2013, the Company completed its acquisition of the entire interest in Wuhu Electric Power from CPI Holding at a consideration of RMB1,451,919,000, of which 85% was satisfied by the issuance of consideration shares and 15% was paid by cash. Wuhu Electric Power currently holds two 660MW ultra super-critical coal-fired generating units located in Wuhu City, Anhui Province in the PRC. Upon completion, Wuhu Electric Power has become a wholly-owned subsidiary of the Group.

Save as disclosed above, the Group did not make any material acquisition or disposal during the year under review.

Significant Financing Activities

A 63%-owned subsidiary of the Group, Wu Ling Power re-issued RMB1 billion short-term debentures in the PRC and completed the issuance of the first tranche at RMB500 million in January 2013.

In addition, Wu Ling Power also re-issued a non-public issuance of RMB1 billion debt financing instrument in the PRC and completed the issuance of the first tranche at RMB500 million in June 2013.

The Group intended to use the net proceeds from the above issuance of bonds for its future capital expenditure, repayment of existing borrowings and general working capital.

In August 2012, the Company placed a total of 443,248,000 shares at the placing price of HK$2.10 per share, which raised net proceeds of approximately RMB744,624,000. In September 2012, the Company issued a five-year convertible bonds in the amount of RMB1,140,000,000 with an interest rate of 2.75% per annum, which raised net proceeds of approximately RMB1,114,516,000. The total proceeds raised amounted to approximately RMB1,859,140,000.

Among the total proceeds raised, around 90% equivalent to RMB1,672,200,000 were used for capital expenditure, around 7% equivalent to RMB130,765,000 were used to repay borrowings and interests, and the remaining 3% equivalent to RMB56,175,000 were used for general working capital.

Capital expenditure was mainly used for the construction of new power generating units of CP Shentou Power Plant, Pingwei Power Plant III and Changshu Power Plant (an associate), as well as the capital injection and acquisition of joint ventures.

Repayment of borrowings mainly represented the repayment of the principals of certain bank borrowings and the interest expenses of certain bank borrowings and bonds.

General working capital was mainly used to settle certain of the Company's expenses such as staff costs and rental expenses.

New Power Plants

In 2013, the Group's new power generating units which commenced commercial operation included:

Power Plant	**Type of Power Plant**	**Installed Capacity** (MW)	**Interest** (%)	**Attributable Installed Capacity** (MW)
CP Shentou Power Plant	Coal-fired power	1,200	80	960
Changshu Power Plant	Coal-fired power	2,000	50	1,000
Baishi Power Plant	Hydropower	420	59.85	251.4
Suoluogou Power Plant	Hydropower	10	63	6.3
Burqin Power Plant	Wind power	49.5	63	31.2
Toksun Power Plant	Wind power	49.5	63	31.2
Total		**3,729**		**2,280.1**

As at 31 December 2013, the Group's projects under construction were as follows:

Power Plant	Type of Power Plant	Installed Capacity (MW)	Interest (%)	Attributable Installed Capacity (MW)	Expected Timeline for Production
Pingwei Power Plant III	Coal-fired power	2,000	100	2,000	In 2015
Tuokou Power Plant	Hydropower	830	59.85	496.8	In 2014
Suoluogou Power Plant	Hydropower	21	63	13.2	In 2015
Jiesigou Power Plant	Hydropower	24	44.1	10.6	In 2014
Shanshan Power Plant	Wind power	49.5	63	31.2	In 2014
Total		**2,924.5**		**2,551.8**	

New Development Projects

The Group has been actively seeking development opportunities for energy saving and environment-friendly coal-fired power and hydropower projects with large capacities and high parameters in areas with rich resources as well as regional and market advantages. Currently, the total installed capacity of new projects in a preliminary development stage (including projects which the PRC government approvals have been applied for) is over 5,440MW.

Among which, the installed capacity for coal-fired power projects amounts to 4,640MW. These projects include:

- the expansion project of the two 1,000MW ultra super-critical coal-fired generating units of CP Shentou Power Plant;
- the project of the two 660MW super-critical coal-fired generating units of Guizhou Pu'an Power Plant; and
- the expansion project of the two 660MW ultra super-critical coal-fired generating units of Dabieshan Power Plant.

In addition, the Group will continue to seek opportunities in the southeastern coastal economically developed regions, the coal-rich areas and cross-regional coal and power transmission channels to further expand coal-fired power projects.

As for hydropower generation, the total installed capacity of the hydropower projects currently under preliminary development and anticipated acquisition is approximately 800MW which mainly includes certain small to medium-sized hydropower projects located in areas with rich water resources such as Sichuan and Hunan.

ENVIRONMENTAL PROTECTION AND ENERGY CONSERVATION

The Board well understands the importance of environmental protection to the sustained and steady development of the Group. Therefore, it strives for the best balance among the safety and reliability of power supply, cost control and environmental protection. For details, please refer to the "Environmental Protection and Social Responsibility Report" in this annual report.

Energy Saving and Emission Reduction

The Group has always committed to the full utilization of its clean energy generation. In 2013, the hydropower and the additional new wind power generation amounted to 23.62% (2012: 23.49%) of the total power generation of the Group. During the year under review, the electricity generated and sold from hydropower and wind power increased significantly by 7.78% and 7.80% respectively as compared with the previous year.

During the year 2013, in positive response to the national environmental protection policy, the Group continued to strengthen the environmental protection measures to its coal-fired power generating units. The Group installed desulphurization facilities for all its coal-fired power generating units with the relevant operational ratio reached 98.96% (2012: 98.86%), and the efficiency ratio of desulphurization reached 95.07% (2012: 94.95%).

During the implementation of national economic "Twelfth Five-Year Plan" period of China, the Group will also install denitration facilities for all of its coal-fired power generating units. To reduce the emission of nitrogen oxide (NO_x), the Group completed the denitration and renovation projects for the generating unit no. 2 of Dabieshan Power Plant, generating unit nos. 5 and 6 of Yaomeng Power Plant II, generating unit no. 1 of Wuhu Power Plant, generating unit nos. 1 and 2 of Pingwei Power Plant in 2013.

During the year under review, environmental protection indicators for coal-fired power generating units were further improved:

- the emission rate of sulphur dioxide (SO_2) at 0.345g/KWh, representing a decrease of 0.048g/KWh compared with the previous year;
- the emission rate of nitrogen oxide (NO_x) at 1.127g/KWh, representing a decrease of 0.33g/KWh compared with the previous year; and
- the emission rate of dusts at 0.189g/KWh, representing a decrease of 0.026g/KWh compared with the previous year.

Coal Consumption

The Group is committed to improve equipment efficiency and reduce fuel consumption through the construction of new coal-fired power generating units with large capacity, upgrading of old power generating units and various other measures.

In 2013, the average coal consumption rate of the Group was 314.84g/KWh, representing a decrease of 1.86g/KWh as compared with the previous year, equivalent to approximately a saving of 70,000 tonnes of standard coal.

Operational Safety

In 2013, no material safety accident in the aspects of employees, facilities and environmental protection occurred in the Group.

OPERATING RESULTS OF 2013

In 2013, the revenue of the Group was approximately RMB18,826,728,000, representing an increase of approximately 7.60% as compared with the previous year. The profit attributable to owners of the Company was approximately RMB2,289,888,000, representing an increase of approximately RMB1,108,763,000 or 93.87% as compared with the previous year.

In 2013, the net profit of the Group amounted to approximately RMB3,275,392,000, representing an increase of approximately RMB1,594,116,000 as compared with the previous year. Among which, the net profit mainly from coal-fired power business amounted to approximately RMB1,643,929,000 while the net profit from hydropower business amounted to approximately RMB1,631,463,000, representing their respective ratio of contribution to the total net profit of 50%:50% (2012: 54%:46%).

The increase in net profit as compared to 2012 was mainly due to the following factors:

- the total electricity sold increased by 3,592,502MWh and the average on-grid tariff of hydropower increased as compared with the previous year, resulting in an overall increase in revenue of approximately RMB1,329,600,000;

- the fuel costs decreased as compared with the previous year, saving operating expenses of approximately RMB463,468,000; and

- an one-off gain on disposal of a pumped storage hydropower plant of approximately RMB771,603,000.

However, part of the profit increase for the year under review was offset by the following factors:

- the commencing operation of new power generating units during the year led to an increase in depreciation of property, plant and equipment for approximately RMB127,143,000 as compared with the previous year;

- the increase in staff number and scheduled maintenance work for increased number of generating units led to increase in the staff costs and the repairs and maintenance expenses for approximately RMB276,382,000 as compared with the previous year; and

- the provision for impairment of property, plant and equipment increased by approximately RMB535,248,000 in view of government policies for shutting down certain old coal-fired power generating units and impairment of certain other assets.

Revenue

The revenue of the Group was mainly derived from the sales of electricity. In 2013, the Group recorded a revenue of approximately RMB18,826,728,000, representing an increase of 7.60% as compared with approximately RMB17,497,128,000 of the previous year. The increase in revenue was mainly attributed to the increase in both the total electricity sold and the average on-grid tariff of hydropower as compared with the previous year.

Revenue from the hydropower segment included part of the 2012 power plant lease income of approximately RMB207 million from Heimifeng Power Plant (a 63%-owned branch company of the Group), such revenue was recognized during the year under review because it took time to execute the lease charges of that power plant as approved by the National Reform and Development Commission in 2012.

Segment Information

The reportable segments identified by the Group are now the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity".

Operating Costs

Operating costs of the Group mainly consist of coal and fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

In 2013, the operating costs of the Group amounted to approximately RMB14,413,376,000, representing an increase of 0.17% as compared with approximately RMB14,388,688,000 of the previous year. The increase was mainly because of the increase in depreciation expenses, staff costs (due to increase in number of employees as a result of new power plants commencing operation and an acquisition of a power plant) and repairs and maintenance expenses. However, the increase was mostly offset by the substantial reduction in fuel costs by approximately RMB463,468,000 that caused by the declining coal prices.

Fuel costs were the Group's major operating costs. In 2013, the fuel costs of the Group was approximately RMB9,006,559,000, representing 62.49% of the total operating costs and a decrease of 4.89% as compared with approximately RMB9,470,027,000 of the previous year.

Operating Profit

In 2013, the Group's operating profit was approximately RMB5,181,565,000, representing an increase of 45.56% as compared with the operating profit of approximately RMB3,559,640,000 of the previous year.

Finance Costs

In 2013, the finance costs of the Group amounted to approximately RMB1,511,774,000, representing a decrease of 10.39% as compared with approximately RMB1,687,029,000 of the previous year. Such decrease in finance costs was mainly because of the repayment of corporate bonds, the conversion of convertible bonds by bondholders to shares of the Company during the year that reduced the liability level, and the exchange gain arising from the translation of foreign currencies denominated borrowings related to the hydropower business at the year end.

Share of Results of Associates

In 2013, the share of profits of associates was approximately RMB435,704,000, representing an increase in profits of approximately RMB289,560,000 as compared with the share of profits of approximately RMB146,144,000 of the previous year. The increase in profits was mainly because of the commencing commercial operation of the first 1,000MW new coal-fired power generating unit of Changshu Power Plant in January 2013 and was profit-generating.

Share of Results of Joint Ventures

In 2013, the share of profits of joint ventures was approximately RMB64,083,000, representing an increase in profits of approximately RMB69,857,000 as compared with the share of losses of approximately RMB5,774,000 of the previous year. The increase in profits was mainly because of the commencing commercial operation of the two 300MW co-generation units of Xintang Power Plant in August and October 2012 respectively and were profit-generating.

Taxation

In 2013, the taxation charges of the Group were approximately RMB958,666,000, representing an increase of approximately RMB511,267,000 as compared with approximately RMB447,399,000 of the previous year. Such increase was in line with the profit growth during the year.

Among the coal-fired power plants of the Group, Fuxi Power Plant currently enjoys the preferential tax treatment of "exemption in first two years and 50% reduction in subsequent three years", which will end in 2016, and is also entitled to a preference income tax rate of 15% until 2020. Pingwei Power Plant, Pingwei Power Plant II, Yaomeng Power Plant, Yaomeng Power Plant II, Shentou I Power Plant, CP Shentou Power Plant, Dabieshan Power Plant and Wuhu Power Plant were all subject to the applicable income tax rate of 25% for the year. All hydropower plants of the Group were subject to the applicable income tax rate of 25% for the year, except for some small hydropower plants in Sichuan, where the applicable tax rate is lower than 25%.

Profit Attributable to Owners of the Company

In 2013, the profit attributable to owners of the Company was approximately RMB2,289,888,000, representing an increase of approximately RMB1,108,763,000 or 93.87% as compared with approximately RMB1,181,125,000 of the previous year.

Earnings per Share and Final Dividend

In 2013, the basic and diluted earnings per share attributable to owners of the Company were approximately RMB0.40 (2012: RMB0.22) and RMB0.35 (2012: RMB0.21) respectively.

At the Board meeting held on 19 March 2014, the Board recommended the payment of a final dividend for the year ended 31 December 2013 of RMB0.16 (equivalent to HK$0.2025 at the exchange rate announced by the People's Bank of China on 19 March 2014) per ordinary share (2012: RMB0.09 (equivalent to HK$0.1113) per ordinary share), totaling RMB1,030,240,000 (equivalent to HK$1,303,897,000) (2012: RMB504,587,000 (equivalent to HK$624,006,000)), which is based on 6,438,999,357 shares (2012: 5,606,524,604 shares) in issue on 19 March 2014 (2012: 20 March 2013).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, cash and cash equivalents of the Group were approximately RMB1,641,368,000 (31 December 2012: RMB2,016,418,000). The financial resources of the Group were mainly derived from cash inflow from operating activities, bank borrowings, project financing and bonds issue. Current assets amounted to approximately RMB7,283,985,000 (31 December 2012: RMB6,610,060,000) and current ratio was 0.42 (31 December 2012: 0.46).

DEBTS

As at 31 December 2013, total borrowings of the Group amounted to approximately RMB45,134,526,000 (31 December 2012: RMB44,939,874,000). All of the Group's bank and other borrowings are denominated in Renminbi, Japanese Yen ("JPY") and United States Dollars ("USD").

Set out below are details of the bank and other borrowings of the Group as at 31 December 2013 and 2012:

	2013 RMB'000	2012 RMB'000
Bank borrowings, secured	20,281,582	22,279,420
Bank borrowings, unsecured	15,292,793	12,630,982
Corporate bonds issued by the Company	800,000	800,000
Convertible bonds issued by the Company	1,441,547	1,855,185
Corporate bonds issued by Wu Ling Power	1,995,693	2,494,836
Borrowings from group companies	5,222,911	4,325,911
Other borrowings	100,000	553,540
	45,134,526	44,939,874

The above bank and other borrowings were repayable as follows:

	2013 RMB'000	2012 RMB'000
Within one year	10,667,220	9,654,738
In the second year	6,586,877	4,313,797
In the third to fifth year	13,427,040	14,735,703
After the fifth year	14,453,389	16,235,636
	45,134,526	44,939,874

Included in the above bank and other borrowings, about approximately RMB13,328,926,000 (31 December 2012: RMB13,242,839,000) are subject to fixed interest rates and the remaining bank borrowings are subject to adjustment based on the relevant rules of People's Bank of China and bearing interest at rates ranging from 5.40% to 7.21% (2012: 5.53% to 7.22%) per annum.

In May 2011, the Company issued 5-year convertible bonds of RMB982,000,000 with carrying amount of RMB435,846,000 as at 31 December 2013. During the year under review, bondholders exercised conversion rights with corresponding carrying value amounted to RMB465,498,000 in total.

In September 2012, the Company issued 5-year convertible bonds of RMB1,140,000,000 with carrying amount of RMB1,005,701,000 as at 31 December 2013. During the year under review, bondholders exercised conversion rights with corresponding carrying value amounted to RMB527,000 in total.

The funds from the debts incurred by the Group were used for general corporate purpose, including capital expenditure and working capital requirements. Please refer to "Significant Financial Activities" of this section for the use of proceeds from issuing convertible bonds in 2012.

The Group's gearing ratios, calculated as net debt (being total borrowings less cash and cash equivalents) divided by total capital (being total equity plus net debt), as at 31 December 2013 and 2012 were approximately 65% and 69% respectively.

CAPITAL EXPENDITURE

In 2013, capital expenditure of the Group (excluding the acquisition of Wuhu Power Plant) was approximately RMB7,049,790,000, which was mainly used for construction of new power generating units and technical upgrade for the existing power generating units. Sources of funds were mainly from project financing, bonds issue and self-generated funds.

RISK MANAGEMENT

The investment and business operation of the Group are exposed to risks from exchange rates, interest rates, commodity prices and liquidity. Amid global financial uncertainties, the financial risks and operational risks the Group encountered had increased accordingly.

To effectively control its risk exposure, the Group has implemented all-round risk management and has established a systematic, comprehensive risk management mechanism and internal control system. It has a designated risk management department in place for execution and implementation of risk management measures and taking measures to control the scales of assets and liabilities so as to maintain a reasonable level of gearing ratio.

FOREIGN EXCHANGE RATE RISKS

The Group is principally operating in the Mainland China, with most transactions denominating in Renminbi. Apart from certain cash, bank balances and bank borrowings, most of the Group's assets and liabilities were denominated in Renminbi. Wu Ling Power, the principal subsidiary of the Group, held borrowings denominated in JPY and USD. Increased fluctuation on Renminbi exchange rate and JPY exchange rate resulted in the increase in the Group's fluctuation in exchange gain/loss, thereby affecting its financial condition and operating results. As at 31 December 2013, the balance of the Group's borrowings denominated in foreign currencies amounted to approximately RMB1,031,150,000 (31 December 2012: RMB1,268,740,000).

In 2008, Wu Ling Power entered into a derivative financial instrument contract with a view to managing the foreign exchange exposure of its JPY borrowings. However, to avoid risks from derivative financial instruments given the continuous depreciation of JPY since 2012, the Group had terminated the hedging contract in May 2013 and recognized a book loss of approximately RMB26,634,000 during the year under review. However, the cumulative savings of principal and interests from this hedging contract of Wu Ling Power amounted to approximately RMB73,000,000 since the Group acquired Wu Ling Power in October 2009.

PLEDGE OF ASSETS

As at 31 December 2013, the Group pledged certain property, plant and equipment with a net book value of approximately RMB661,965,000 (31 December 2012: RMB534,547,000) to certain banks to secure bank borrowings in the amount of RMB388,320,000 (31 December 2012: RMB261,820,000). In addition, certain bank borrowings and borrowings from a related party were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings as at 31 December 2013 amounted to approximately RMB1,515,666,000 (31 December 2012: RMB1,575,920,000). As at 31 December 2013, bank deposits of certain subsidiaries of the Group amounting to RMB49,227,000 (31 December 2012: RMB35,000,000) were pledged as security for an obligation under finance lease in the amount of RMB406,800,000 (31 December 2012: RMB492,373,000) and bills payables in the amount of RMB70,916,000 (31 December 2012: Nil).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities.

EMPLOYEES

As at 31 December 2013, the Group had a total of 9,456 (31 December 2012: 7,669) full-time employees.

The Group put great emphasis on the establishment of performance evaluation as well as rewarding and punishment mechanism. The Group determined the emoluments of its directors and employees based on their respective performance, working experience, duties and the prevailing market rates. The Group also implemented incentive policy linking emoluments with performance.

The Group also focused on the training of employees and communication between employees of different positions. It continued to improve the professional and technical skills and overall competence of its employees to satisfy the needs of its expanding business.

OUTLOOK FOR 2014

The year 2014 will be the first year of deepening the comprehensive reforms in China after the Third Plenary Session. The economy of China is expected to maintain steady and moderate growth. The growth rate of electricity consumption is expected to remain stable while the electricity market shall maintain an overall balance in supply and demand though competition in certain power generation market remains keen. Affected by a combination of factors, the coal prices are estimated to stay at a low level. Coal-fired power business will be facing the pressures on environmental protection commitment and financing in general.

In 2014, the Group will continue to realize its advantages from the strategy of balanced hydro- and coal-fired power generation, optimize and upgrade asset structure, speed up the pace and raise the quality of its development, and maintain stable position in safety and environmental protection in order to enhance operation efficiency continuously.

In 2014, the Group will take proactive steps as follows:

- promote the progress of preparatory works for large power projects;
- strengthen the effort to develop the clean energy projects;
- assure the operational policy of "focus on two prices and one volume", which means monitoring on-grid tariffs, controlling coal prices and ensuring sales volume of power generation;
- strengthen asset management to minimize finance costs; and
- comply strictly with the environmental standards, while securing to obtain all financial grants, environmental protection tariffs and subsidies.

As the Group reaches its 10th anniversary of listing in 2014, we will leverage on this opportunity to have a complete review on our corporate strategy. In response to Chinese economic reforms and increasingly strict ecological requirements for smog relief, the Company intends to achieve two key changes: (1) continuing expand the proportion of clean energy, with a goal of doubling our current attributable installed capacity of the power generation by 2020, of which the clean energy should weigh over 50% for additional capacity, and all additional coal-fired power will be large capacity generating units that are energy-saving and environment-friendly; (2) adapting to the even more market driven competitive environment, we will leverage our own advantages on clean and green energy to seize opportunities for future development.

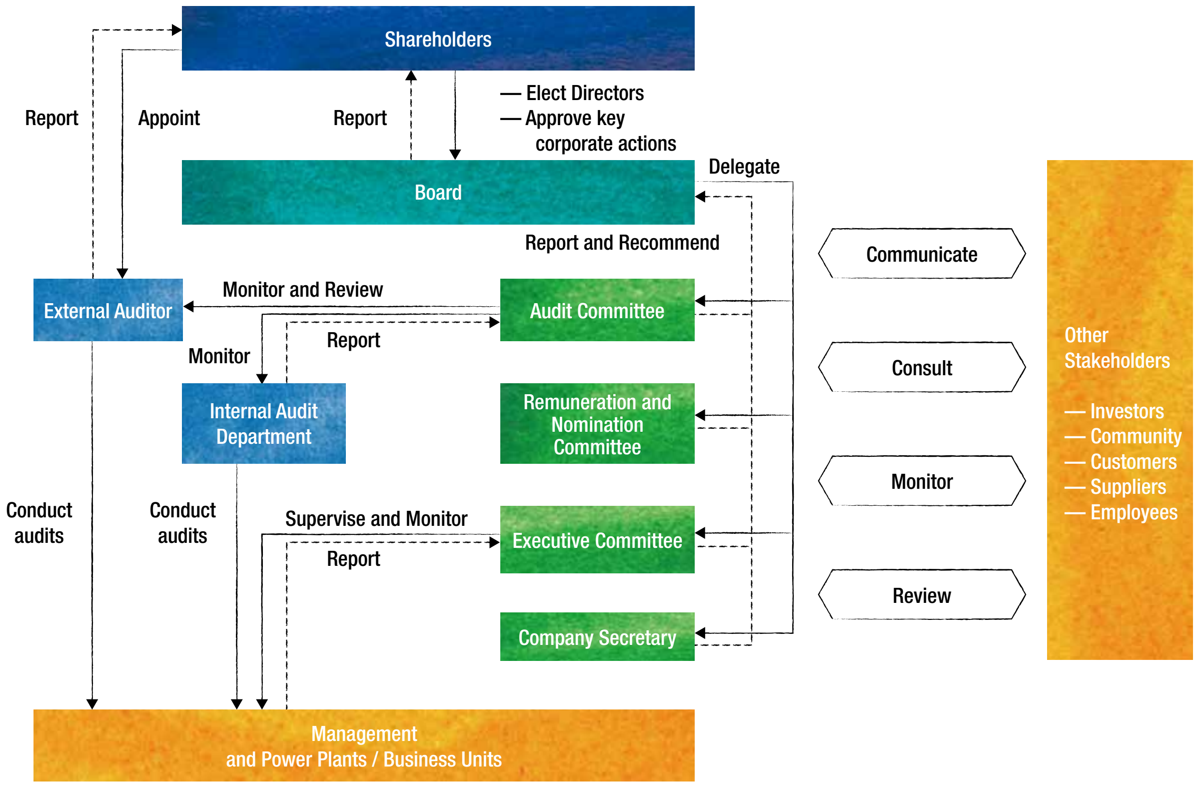
CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Group strives to raise the standard of corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and the management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximize the value of our shareholders as a whole.

During the year ended 31 December 2013, save for the deviations from the code provisions of A.2.1, A.4.2 and E.1.2, the Company has strictly complied with the code provisions of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in the Appendix 14 of the Listing Rules.

GOVERNANCE FRAMEWORK



THE BOARD

Board Composition

The Board comprises Chairman of the Board and chief executive officer, Ms. Li Xiaolin, executive Director and the president, Mr. Gu Dake, two non-executive Directors, namely Mr. Guan Qihong and Mr. Wang Zichao, and three independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec. Profiles of the Directors are set out in the section headed "Directors and Senior Management Profiles" of this annual report.

Members of the Board possess various experience, capabilities, and expertise suitable for and relevant to the Company's businesses. The Board includes experts in electric power technology and management, professionals in finance and law as well as scholars. They are not only experienced, but also have progressive thinking.

More than one-third of our Board members are independent non-executive directors who can help the Board to make more effective independent judgment. The non-executive Directors (including the independent non-executive Directors) who form the majority of the Board possess diverse expertise. As such, they are able to make decisions in an objective and professional manner, to assist the management in formulating the Company's development strategies, and to ensure that the preparation of financial and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the shareholders and the Company.

The Board has received annual written confirmation of independence from each of the independent non-executive Directors and believed that, as at the date of this annual report, they were independent of the Company in accordance with the relevant requirements of the Listing Rules.

Chairman and Chief Executive Officer

The CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Ms. Li Xiaolin currently serves as Chairman of the Board and chief executive officer. The Board believes that Ms. Li Xiaolin has served as the chief executive officer of the Company and accumulated extensive experience in the capital market and the industry. It will be more effective in developing the Company's long-term business strategies and in execution of the Company's business plans if Ms. Li Xiaolin continues to serve as the chief executive officer of the Company. To help maintain a balance of power, the Company has set up an Executive Committee. The Executive Committee was formed by all executive Directors and senior management and meetings were convened regularly to make decisions on matters concerning the daily management and business of the Company.

The Chairman, Ms. Li Xiaolin, provides leadership for the Board. She is responsible for ensuring that all Directors receive adequate information, which must be complete and reliable, in a timely manner and that Directors are properly briefed on issues arising at the Board meetings. She also ensures that the Board works effectively and discharges its responsibilities; good corporate governance practices and procedures are established; and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board as a whole.

Appointment, Re-election and Removal

In accordance with the Company's Articles of Association, one-third of the Directors (including non-executive Directors with fixed term of three years, but with the exception of the executive Director who is also the chief executive officer of the Company) will retire from office by rotation for re-election by shareholders at the annual general meeting. In addition, any new appointment to the Board is subject to re-appointment by shareholders at the upcoming general meeting.

The CG Code provision A.4.2 also stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, as provided in the Articles of Association of the Company, the executive Director who is also the chief executive officer of the Company shall not be subject to retirement by rotation. The Company is of the view that the position of chief executive officer is crucial to the operation of the Company. The Articles of Association of the Company stipulate that the chief executive officer shall not be subject to retirement by rotation, which reflects the importance of this position and ensures that the impact of the change of personnel on the operation of the Company is kept to minimal.

Pursuant to the CG Code provision A.4.3, any further appointment of an independent non-executive director who has been serving more than nine years should be subject to a separate resolution to be approved by the shareholders. Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec are independent non-executive Directors who have been serving the Company since 2004. During the terms of their appointments, they have not been involved in the daily management of the Company or in any relationships which would interfere with their independent judgment, and they have demonstrated the ability to provide an independent, balanced and objective view to the Company's affairs. Therefore the Company is of the view that Mr. Kwong, Mr. Li and Mr. Tsui shall all comply with the criteria of independence as set out in Rule 3.13 of the Listing Rules. Separate resolutions for re-election of each of them were approved by the shareholders on the Company's annual general meeting held on 28 May 2013. Notwithstanding the length of their services, the Company believes that their extensive knowledge and experience in the Group's business will continually benefit the Company and the shareholders as a whole.

Power of and Delegation by the Board

The Board is the highest decision-making and managing body of the Company. Having regard to the best interests of the Company and its shareholders, the Board reviews and approves major matters such as business strategies, policies, business plans, financial budgets, major investments as well as mergers and acquisitions. In addition, the Directors have acknowledged that the principal responsibilities of the Board also include corporate governance, supervising and administrating the operation and financial position of the Company, approving the result announcements and other disclosures as required in accordance with applicable laws and regulatory rules, optimizing corporate governance structure and promoting the communication with our shareholders.

Under the Board currently have three committees, namely Audit Committee, Remuneration and Nomination Committee and Executive Committee to implement internal supervision and control on each relevant aspects of the Company.

The Board delegates certain management and operational functions to the Executive Committee and the management, and reviews such arrangements periodically to ensure that such arrangements remain appropriate to the Group's needs. The management has overall responsibility for the Group's daily operations. The Board establishes clear responsibilities and authorities for management to ensure the daily operational efficiency. It acts within the authority approved by the Board to fulfill the day-to-day management responsibilities and makes timely decisions. With regard to matters beyond its authority, the management will report to the Board or the Executive Committee in a timely manner in accordance with the relevant working guidelines.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Audit Committee set out in its terms of reference, inter alia, include the following:

- To communicate with internal auditor and determine annual internal audit plans, discuss internal audit procedures with the internal auditor at least once every six months, review and monitor the internal control system, internal audit functions and effects of annual internal audit plans.

- To make proposals to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the independence, objectivity and audit effectiveness of the external auditor in accordance with the relevant standards issued by the Hong Kong Institute of Certified Public Accountants, formulate and implement the engagement policy on the provision of non-audit services by the external auditor.

- To review financial information of the Company.

- To supervise the financial reporting system and internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

- To conduct any inspection authorized by the Board based on its terms of reference, in that case, the committee is entitled to solicit any necessary information from any employees while who have been instructed to assist the committee to satisfy any of its requirements.

The Audit Committee comprises of three members, namely Mr. Kwong Che Keung, Gordon, Mr. Li Fang and Mr. Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. The chairman and the secretary of the Audit Committee are served by Mr. Kwong Che Keung, Gordon and the Company Secretary of the Company respectively. For the purpose of reinforcing their independence, all members of the Audit Committee have appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

The Audit Committee held three meetings during 2013 (average attendance was 100%). The committee's work performed during the year included:

- reviewed the annual financial statements for the year ended 31 December 2012 and the interim financial statements for the six months ended 30 June 2013;

- reviewed and approved the audit strategy submitted by the external auditor for the year ended 31 December 2013;

- considered and approved the terms of engagement and remuneration of external auditor for its provision of audit and permitted non-audit related services; and

- reviewed the internal and independent audit results and discussed matters relating to audit, internal control system and financial reporting together with the senior management, internal and independent auditors of the Company.

The details of the terms of reference of the Audit Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

Remuneration and Nomination Committee

The Company established the Remuneration and Nomination Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. The primary duties and functions of the Remuneration and Nomination Committee set out in its terms of reference, inter alia, include the following:

Remuneration

- To make recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Company, and to make recommendations on the establishment of a formal and transparent procedure for developing remuneration policy.

- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management with reference to their experience, performance, duties and market conditions. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

- To make recommendations to the Board on the remuneration of non-executive Directors.

Nomination

- To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

- To identify individuals suitably qualified to become Board members based on a range of diverse perspectives and select or make recommendations to the Board on the selection of individuals nominated for directorship.

- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

- To assess the independence of independent non-executive Directors.

Board Diversity Policy

The policy is summarized as follows:

- for identifying suitably qualified candidates to become Board members, should be based on a number of diverse aspects, including Board members with different background, skills, regional and industry experience, gender and other qualities, that are in balanced and complementary with each other, creating synergy, and enabling the Board to function effectively as a whole.

- when reviewing and assessing the composition of the Board, it should be based on the Company's own business position and management needs from time to time, considering a number of factors including but not limited to the above mentioned background, skills, regional and industry experience, and other factors in order to achieve the Board with a reasonable structure that runs efficiently.

The Remuneration and Nomination Committee has three members, namely Mr. Li Fang, Mr. Kwong Che Keung, Gordon, and Mr. Tsui Yiu Wa, Alec, all of whom are independent non-executive Directors. The chairman and the secretary of the Remuneration and Nomination Committee are served by Mr. Li Fang and the Company Secretary of the Company respectively.

The Remuneration and Nomination Committee held two meetings during 2013 (average attendance was 100%). The committee's work performed during the year included:

- reviewed the Company's matters relating to remuneration in 2013, and considered and recommended the overall remuneration package of the Directors and senior management in 2013; and

- approved the Board's diversity policy, and made recommendations to the Board according to the CG Code.

The details of the terms of reference of the Remuneration and Nomination Committee have been posted on the websites of the Company and the Hong Kong Stock Exchange.

Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management by remuneration band for the year ended 31 December 2013 is set out below:

Remuneration band (RMB)	**Number of individuals**
Zero to 500,000	0
500,001 to 1,000,000	7

Executive Committee

The Company established the Executive Committee in 2008. As a committee under the Board, the Executive Committee conducts its work under the guidance of the Board and reports to the Board pursuant to the "Working Guidelines for the Executive Committee" approved by the Board. The Chairman of the Board acts as the chairman of the committee. The members of the committee include the president, vice presidents, financial controller and other senior management. It has been delegated with the responsibility to ensure the effective direction and control of the business and to deliver the Group's long-term strategies and goals. It advises the Board in formulating policies in relation to the Group's business operations, monitors the performance and compliance of the business, and supervises the management to implement the Board resolutions.

The Executive Committee acts as a bridge for communication and connection between the Board and the management, and plays a crucial role in enhancing the quality of corporate governance as well as strengthening the management efficiency of the Company. It ensures that the Board can timely hear the voices of the operation and management staff and acts timely in respect of material operation affairs of the Company. It meets on a regular basis to review the Group's activities and discuss management and operational issues.

The Executive Committee held ten meetings during 2013. The Chairman of the Board, the president and senior management of the Company all attended each meeting.

COMPANY SECRETARY

Ms. Cheung Siu Lan, secretary of the Company, is an employee of the Company, appointed by the Board, and responsible to the Board. The Company Secretary is responsible for ensuring that the activities of the Board conducted efficiently and effectively, and the procedures and all applicable laws and regulations complied with. She also supports and facilitates the training and professional development of Directors.

The Company Secretary reports to the Chairman and the Board, provides advice on corporate governance and corporate transactions, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules. All Directors may call upon her for advice and assistance at any time in respect to their duties and the effective operation of the Board and the Board Committees.

During the year under review, Ms. Cheung has attended relevant professional seminars to update her skills and knowledge. She has complied with the revised Listing Rules to take no less than 15 hours of relevant professional training in a financial year.

CODE OF CONDUCT AND TRAINING OF DIRECTORS

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as 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 Statutes and Common Law, the Listing Rules, applicable rules and other regulatory requirements, and especially the governance policies of the Company. All Directors have been given the "Guidelines on Directors' Duties" and "Working Guidelines for the Board" of the Company. The Company Secretary will continuously update and refresh Directors on the latest laws, rules and regulations regarding their duties and responsibilities. All Directors are required to disclose to the Company their offices held in public companies or organizations and other significant commitments.

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("Code of Conduct"), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Code of Conduct throughout 2013.

The Company has arranged appropriate insurance cover on Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Directors' training is an ongoing process, in order to ensure that their contribution to the Board remains informed and relevant. The Company encourages all Directors to participate in appropriate training programs. During the year under review, all members of the Board have provided their records of training they received to the Company Secretary for record. Their trainings included attending seminars and discussion forums, reading briefing and update materials.

OPERATION OF MEETINGS AND SUPPLY OF AND ACCESS TO INFORMATION

Full Board or committee papers will be sent to all Directors at least three days before the intended date of a Board meeting or a committee meeting.

Management has supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management is also invited to join the Board or committee meetings where appropriate.

Where necessary, the Directors can seek separate independent professional advice at the Company's expenses so as to discharge his/their duties to the Company. Minutes of the meetings are kept by our Company Secretary, and the Board and committee members may inspect the documents and minutes of the Board and the committees at any time.

All the Directors are also entitled to have access to timely information in relation to our business and make further enquiries where necessary, and they have separate and independent access to senior management.

DIRECTORS' ATTENDANCE RECORD

In the year 2013, the attendance records of the Directors at Board meetings, Audit Committee meetings, Remuneration and Nomination Committee meetings, the Annual General Meeting and the Extraordinary General Meeting are as follows:

Directors	Board	Audit Committee	Remuneration and Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Executive Directors:					
Li Xiaolin *(Chairman of the Board and chief executive officer)*	6/8	–	–	0/1	0/1
Gu Dake *(President)*	7/8	–	–	1/1	1/1
Non-executive Directors:					
Guan Qihong	7/8	–	–	1/1	1/1
Wang Zichao	6/8	–	–	1/1	0/1
Independent Non-executive Directors:					
Kwong Che Keung, Gordon *(Chairman of the Audit Committee)*	8/8	3/3	2/2	1/1	1/1
Li Fang *(Chairman of the Remuneration and Nomination Committee)*	8/8	3/3	2/2	1/1	1/1
Tsui Yiu Wa, Alec	8/8	3/3	2/2	1/1	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

Directors acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the Listing Rules, Companies Ordinance and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable.

During the year 2013, all Directors have been given on a monthly basis the latest information and briefing about the financial position, changes in the business and the development of the Group. The Directors endeavour to ensure a balanced, clear and understandable assessment of the Company's position and prospects in annual reports, interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory requirements.

Internal Controls

The Board puts particular emphasis on risk management and strengthening internal monitoring system. In respect of organizational structure, the Company has set up the Audit Committee, the Remuneration and Nomination Committee and the Executive Committee. The principles of the internal control framework of the Company are: to strengthen the Company's internal monitoring and control in accordance with the requirements of the Hong Kong Stock Exchange, continuously improve the Company's corporate governance structure, build up corporate integrity culture, establish an effective control system, continuously assess the competence of the internal control system and the efficiency of the management through auditing, risk assessments and internal assessments, review identified risk exposures and ensure the effective running of the control system.

The Company has established the Internal Control Department which is crucial to the Company's internal controls. To create a good internal control environment, the Internal Control Department provides internal control assessment reports to the management on a regular or ad hoc basis. It also reports to the Audit Committee and the Board at least twice a year on internal control matters. To minimize risk faced by the Company, the department evaluates and reviews the Company's internal control processes to avoid risks and provide a solid foundation for building up an effective internal control system.

The Company has a comprehensive internal control system which includes seven parts, namely "basic framework of the internal control system", "management authorization manual", "staff disciplinary code", "code on conflicts of interests", "operational standards for internal control activities", "assessment standards for internal control system", and "implementation standards for internal audit", details of which are contained in our "Risk Management and Internal Control Specifications". While taking into full account the risk management framework requirements of The Committee of Sponsoring Organizations of the Treadway Commission, the promoter of the National Commission on Fraudulent Financial Reporting, and risk management guidelines set out by the Hong Kong Institute of Certified Public Accountants, the internal control system of the Company also learns from the experience of outstanding management companies and takes into consideration our actual situation and business characteristics in formulating the control framework for assessing the efficiency and competence of the internal control system, which provide a solid foundation to ensure the effectiveness of the Company's operating activities, reliability of its financial reports and compliance of laws and regulations.

The Board through the Audit Committee has reviewed the efficiency of internal control system of the Company and its subsidiaries in aspects such as financial controls, operational controls, regulatory compliance and risk management. The Directors believe that the internal control system is efficient and effectively controls the risks that may have impacts on the Company in achieving its goals.

In 2013, the Internal Control Department assessed the internal control systems based on the "Risk Management and Internal Control Specifications", and reviewed the improvement works regarding the issues discovered during the prior year internal control assessment in 2012. By analyzing various internal control points relating to the business processes, we have a better picture of the current conditions of internal control of each business unit and unearthed defects and weaknesses of the internal control system. The results of the internal control studies are incorporated into the business performance assessments for each subsidiary company. By doing so, potential operation and management risks can be avoided and the corporate governance standards as well as economic benefits can be enhanced. During the year under review, no significant area of concern which may affect the shareholders of the Company was found.

In addition, the Internal Control Department adopted appropriate measures to review quarterly the implementation of the Group's existing continuing connected transactions. During the year under review, the relevant companies had monitored strictly pursuant to the terms of the continuing connected transactions in the actual course of business operation and did not exceed those relevant annual caps as disclosed.

For good corporate governance practice, the Board approved launching a "Whistleblowing Policy" in April 2012, for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in secure and confidence manner, with the Internal Control Department about possible improprieties in any matter related to the Group, and through the Internal Control Department reports directly to the Audit Committee.

The Company has enhanced its efforts in internal audit this year in developing the audit of economic responsibility, fund management and financial control of the Company's leading personnel. With enhanced effective internal audit function, internal audits were conducted on the basis of independent supervision and objective assessment of the adequacy and effectiveness of the internal control system in operation.

External Auditor's and its Remuneration

The Company appointed PricewaterhouseCoopers as the Company's auditor (the "Auditor"). The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the Auditor, and to approve the remuneration and terms of engagement of the Auditor, and any questions of its resignation or dismissal.

For the year ended 31 December 2013, the Audit Committee reviewed and monitored the Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

For the year ended 31 December 2013, the fees payable by the Company to the Auditor in respect of audit and non-audit services provided were as follows:

	HK$'000
Audit services	8,100
Non-audit services:	
Interim review	1,180
Continuing connected transactions	200

COMMUNICATION WITH SHAREHOLDERS

Apart from reporting to the shareholders and investors on its operations and financial conditions semi-annually and annually, the Company also discloses relevant information such as electricity generation of the Company regularly so that the investors have a better understanding about the operation of the Company. The Company maintains a corporate website at www.chinapower.hk where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Hong Kong Stock Exchange, the same information is made available on the Company's website.

The Company also holds regular press conferences and meetings with financial analysts and investors, during which the Company's management will directly provide relevant information and data to the media, financial analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner. The Company's website is updated continuously, providing up-to-date information regarding every aspect of the Company to investors and the public.

The Company has a Capital Markets & Investor Relations Department, which takes charge of the Company's relationship with investor relations by providing information and services to investors, promptly replying to their enquiries, and maintaining channels of active and timely communication with them.

In March 2012, the Board adopted a "Shareholders Communication Policy" of the Company which aims to set out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. The "Shareholders Communication Policy" of the Company is posted on the Company's website under the "Corporate Governance" section.

According to the CG Code provision E.1.2, chairman of the board should attend the annual general meeting. The Chairman of the Board, Ms. Li Xiaolin, was unable to attend the Company's annual general meeting held on 28 May 2013, she had arranged Mr. Gu Dake, the executive Director and president of the Company, who is very familiar with the Group's business and operations, to attend and chair the general meeting. All other Directors, including the Company's three independent non-executive Directors, being the chairman/members of the Audit Committee and the Remuneration and Nomination Committee, together with the external independent auditor, attended the annual general meeting and answered questions from the attending shareholders and investors to ensure effective communication with shareholders of the Company.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene General Meeting

Shareholders of the Company (the "Shareholders") entitled to have right to request the Company to convene a general meeting pursuant to Part 12 of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The procedures are as follows:

1. The Directors are required to call a general meeting if the Company has received requests to do so from the Shareholders representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

2. A request –

    (a) must state the general nature of the business to be dealt with at the general meeting; and

    (b) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting.

3. Requests may consist of several documents in like form that –

   (a) may be sent to the Company in hard copy form or in electronic form; and

   (b) must be authenticated by the person or persons making it.

4. Directors must call a general meeting within 21 days after the date on which they become subject to the requirement, and must be held on a date not more than 28 days after the date of the notice convening the general meeting.

5. If the requests received by the Company identify a resolution that may properly be moved and is intended to be moved at the general meeting, the notice of the general meeting must include notice of the resolution.

6. If the resolution is to be proposed as a special resolution, the Directors are to be regarded as not having duly called the general meeting unless the notice of the general meeting includes the text of the resolution and specifies the intention to propose the resolution as a special resolution.

Voting by Poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting, and questions from Shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Hong Kong Stock Exchange on the same day of the poll.

Procedures for Shareholders Sending Enquiries to the Board

Shareholders should direct their questions about their shareholdings to the Company's registrar and whose details are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

The Company Secretary and the Capital Markets & Investor Relations Department of the Company also handle both telephone and written enquiries from Shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions. For Shareholders and investors' enquiries, the contact information is set out in the "Useful Information for Investors" section of this annual report.

Other Procedures for Shareholders' Proposals

The details of the following procedures are available at the Company's website www.chinapower.hk under the "Corporate Governance" section for review.

- Procedures for Shareholders making proposals at general meetings

- Procedures for Shareholders to nominate a person to stand for election as a Director

Constitutional Documents

The Company's constitutional documents have been posted on the Company's website at www.chinapower.hk under the "Corporate Governance" section. During the year under review, there was no significant change in the Company's Memorandum and Articles of Association.

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY REPORT

ENVIRONMENTAL PROTECTION — STRIVING FOR GREEN DEVELOPMENT

The Board well understands the importance of environmental protection to the sustained and steady development of the Group. Therefore, it strives for the best balance among the safety and reliability of power supply, cost control and environmental protection. Ms. Li Xiaolin, the Chairman of the Board, enthusiastically promotes the message of "give light and power to the world, leave clear water and blue skies to our children", which is also one of the fundamental corporate development missions of the Group. It targets to become a resource-saving and environment-friendly enterprise with high proportion in clean energy, low consumption of energy and resources, and low discharge of pollutants.

The Group complies with the environmental protection goal of "Human-oriented, Risk Control, Green Operations", pursuing high standards of operations and striving for minimizing the adverse impact on the society and the environment. It is improving its standards on clean production, while providing safe, economic and clean products and services to customers and the society. The Company's Safety and Environmental Protection Monitoring Department is with a view to further strengthening the efforts of environmental protection, and enforce the environmental protection policy actively. It vigorously carries out environmental protection management and implements energy saving and fuel consumption reduction measures to promote reduction of pollutants emission.

1. Promoting Hydropower

The Group has always committed itself to the full utilization of its hydropower clean energy generation. In 2013, the hydropower generation amounted to 23.44% (2012: 23.49%) of the total power generation of the Group. During the year under review, the power generation and electricity sold from hydropower increased by 6.98% and 7.03% respectively as compared with last year.

In 2013, the total sales volume of hydropower reached 12,850,388MWh, which could be interpreted as a decrease in a standard coal consumption of 4,014,000 tonnes, a reduction in sulphur dioxide emission by 202,200 tonnes, a reduction in carbon dioxide emission of 11,137,200 tonnes, a reduction in nitrogen oxide emission of 53,500 tonnes and a reduction in smoke and dust discharging of 2,200 tonnes.

2. Improving the Environmental Indicators of Coal-fired Power Generating Units

In 2013, the environmental indicators of the coal-fired power generating units were further improved with:

- an emission rate of sulphur dioxide (SO_2) of 0.345g/KWh, representing a year-on-year decrease of 0.048g/KWh and an emission reduction of approximately 1,220.5 tonnes;

- an emission rate of nitrogen oxide (NO_x) of 1.127g/KWh, representing a year-on-year decrease of 0.33g/KWh and an emission reduction of approximately 10,867.4 tonnes; and

- an emission rate of smoke and dusts of 0.189g/KWh, representing a year-on-year decrease of 0.026g/KWh and an emission reduction of approximately 670.6 tonnes.

The discharge of pollutants of each of the Group's power plants strictly complied with the national environmental protection policy. In 2013, there was no environmental pollution incident occurred in, or reported environmental issue from the Group.

3. Committing to Lower Coal Consumption in Coal-Fired Power Generation

The Group commits to improve equipment efficiency and reduce fuel consumption through the construction of new coal-fired power generating units with large capacity, upgrading of old units and various other measures. In 2013, the average coal consumption rate of the Group was 314.84g/KWh, representing a year-on-year decrease of 1.86g/KWh, equivalent to a saving of approximately 70,000 tonnes of standard coal.

In 2013, eight consolidated energy saving upgrading projects of the Group passed national evaluation. The evaluated energy saving amount was nearly 200,000 tonnes of standard coal, which enable the Group to acquire a capacity of nearly 600,000KW for future development and subsidies for energy saving for nearly RMB60 million.

4. Continuing to Strengthen the Environmental Protection Measures to its Coal-fired Power Generating Units

During China's implementation of national economic "Twelfth Five-Year Plan" period, in positive response to the national environmental protection policies, the Group strengthened the environmental protection measures of its coal-fired power generating units, and implemented environmental upgrading projects by installing denitration facilities and desulphurization facilities for all its coal-fired power generating units.

To significantly reduce the emission of nitrogen oxide (NO_x), the Group completed the denitration and renovation projects for six generating units, namely the unit no. 2 of Dabieshan Power Plant, unit nos. 5 and 6 of Yaomeng Power Plant II, unit nos. 1 and 2 of Pingwei Power Plant and unit no. 1 of Wuhu Electric Power, during the year 2013. All generating units with denitration facilities of the Group have received the tariff subsidies from their respective local governments.

In 2013, the Group's power plants through the strengthened desulphurization and maintenance management, the rate of usage of its desulphurization facilities and the efficiency ratio of desulphurization reached 98.96% and 95.07% respectively (2012: 98.86% and 94.95%), which resulted in significantly lower sulphur dioxide emission.

5. Protecting the Biological Environment

Wu Ling Power, a principal subsidiary of the Company, made great efforts on the biological preserving works to the river basin where its hydropower companies are located and has been carrying out fish proliferation activities for a long time. In 2013, a number of hydropower companies of Wu Ling Power released more than two million fish fries at various locations. Such activities not only enriched the fishery resources, but also improved the water quality and protected the biological environment in the reservoir area.

The Group's Dabieshan Power Plant, Pingwei Power Plant and Wu Qiang Xi Power Plant received the "China's Beautiful Power Plant" Award in the Search of "China's Beautiful Power Plant" (尋找「中國美麗電廠」), which is a large-scale public welfare activity organized by China Energy News (《中國能源報》). Pingwei Power Plant received the award of "Reduction of Pollutants Emission Above Target" (污染減排目標超額完成獎) from its local government, which is the only coal-fired power enterprise that received the award for four consecutive years.

Dabieshan Power Plant and Wu Qiang Xi Power Plant received the China's Beautiful Power Plant Award

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY REPORT

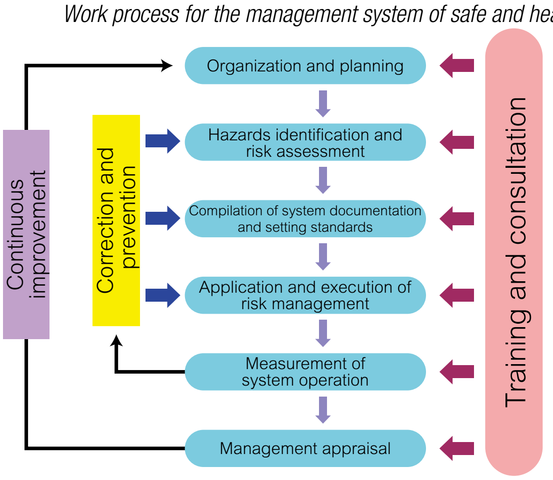
OPERATIONAL SAFETY — SAFEGUARDING STEADY DEVELOPMENT

"No risks are uncontrollable; no breaches are unpreventable; no accidents are unavoidable" is our safety concept that we always adhere to. The Group insists the principles of "safety as priority, prevention rather than cure, and comprehensive management", strictly implements an accountability system for safe production, steadily enhances the construction of the management system for safe and healthy environment, carries out solid rating works on the standardization of power safety production, and continuously strengthens the building of safety culture.

1. Building the Management System for Safe and Healthy Environment

In 2013, the Group continued to enhance the building of the management system for safe and healthy environment, revised and formulated more than 50 relevant policies. We focused on carrying out the works for training all staff, hazards identification and risk assessment. We divided small communities of safe and healthy environment, designated the representatives of such communities, and established an inspection mechanism. We organized the key personnel of such system to participate in six training sessions, and commissioned consulting companies to carry out evaluation and improvement for such system.

Work process for the management system of safe and healthy environment



Knowledge training for the management system of safe and healthy environment

Seminar for building the management system of safe and healthy environment

2. Standardizing the Safe Power Production

The Group strictly organized rating of inspection and maintenance works for the power generating units, coordinated with the local grid companies to arrange the reasonable rating of repair and maintenance plan for the generating units, ensuring the stability and reliability of all facilities of the power generating units. In 2013, we continuously improved the system of organized safety production, and continued to strengthen the safety production management. The overall safety production of the Group was steady as a whole, which provided a strong support for the safety development of the enterprise.

In 2013, the Group revised and issued the Emergency Management System to establish an integrated set of emergency management standards. All power plants of the Group, combined the works on building the safe and healthy environment management system and standardizing the safe production rating, revised and issued 53 comprehensive emergency plans, 385 specific emergency plans and 589 on-site action plans in aggregate. The evaluation and filing of all emergency plans was completed.

In 2013, the power plants of the Group which were granted the achievement rating on the standardization of safe power production issued by State Electricity Regulatory Commission included: Pingwei Power Plant, Wuhu Power Plant and Changshu Power Plant were awarded first-class enterprises; Dabieshan Power Plant, Yaomeng Power Plant II, Wan Mi Po Power Plant, Ling Jin Tan Power Plant, Hong Jiang Power Plant, Gua Zhi Power Plant and Zhu Xi Kou Power Plant were awarded second-class enterprises. Other power plants including Fuxi Power Plant completed the evaluation of first-class enterprises and are waiting for awarding.

3. Strengthening Safety Culture

The Group actively carried out safety education and training works, launched the Promotion and Consultation Day of Safe Production, the Education Week on Production Safety and Accident Alert, the Safe Production Month, the Safety Culture Week, as well as utilized multi-media, television, newspapers, posters etc. to conduct the publicity for laws, rules and regulations of safety and environmental protection.

The Group was awarded the honorary title of "Advanced Unit of 2013 National Safe Production Month Activity". In 2013, two full-time safety supervision and management training courses were held, totaling trained up more than 330 persons. The Group organized its power plants to participate in 14 various kinds of safety management trainings held by State Electricity Regulatory Commission etc., and carried out 1,533 safety education trainings, in which 75,982 persons in total were participated. The training results and safety quality were further enhanced.

Liquid Ammonia Leakage Emergency Drill at Wuhu Power Plant

Liquid Ammonia Leakage Emergency Drill at Dabieshan Power Plant

Medal of Advanced Unit of Safe Production Month Activity

Fire Emergency Drill at Yaomeng Power Plant

In 2013, no significant safety accidents in respect of any employees, facilities and environmental protection of the Group occurred.

Discussion Forum on Emergency Contingency Plans

ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY REPORT

CARE FOR THE COMMUNITY, STAFF AND BUSINESS PARTNERS — TO FACILITATE HARMONIOUS DEVELOPMENT

Fully committed to the philosophy of human-oriented, all-rounded, coordinated and sustainable development, the Group undertakes its responsibilities to stakeholders in an active manner and plays an effective role in constructing a harmonious society. In 2013, we fulfilled our social responsibility and staying committed to the society, to our staff and to our business partners. We have been striving to operate pursuant to the laws in an honest manner, caring for staff based on human-oriented philosophy, and contributing to the society in making harmonious and mutual progress.

Dedication to Charity for Harmonious and Mutual Progress

The Group has always been dedicating to facilitate the sharing of the development results and been actively participating in social charity. It focused on the charity activities for helping and supporting the socially underprivileged groups, providing educational subsidies and assistances, and has achieved good social effects so far.

In 2013, the various charity donations made by the Company amounted to RMB436,000 in total. Staff members of the Company donated RMB159,000 to the schools and children from poverty-stricken areas through various activities and channels, such as the "Assisting Impoverished Students in Autumn" organized by various provincial and municipal labour unions and the charity website of "Yingshanhong" for educational assistance sponsored by our parent company, CPI Group. The Company held a donation ceremony to those suffered from the earthquake of Ya'an, Sichuan and raised donation amounting to RMB65,000.

Organized donation activity to relieve the earthquake-stricken areas in Ya'an

Care for the Staff and Commitment to Human-oriented Philosophy

Employees are our source of power for sustainable development. We have been committed to providing good working environment for our staff in order to give full play to each employee's talent. We made efforts to cultivate a sustainable healthy working culture in the long run and encouraged our staff to work together and develop positive team spirit. Activities that we held from time to time effectively enhanced the sense of belonging of the staff, and better cohered them towards one and other.

Care for the Interests of the Employees

We strived to promote the mechanism of employment equality consultation system, to protect our employees' legal interests, and to implement relevant laws and regulations related to labor and labor contracts at the national and local levels. We perfected the mechanism of staff representatives, supported staff to participate in the management and defended the staff's right of information, participation, expression and supervision.

We strengthen the function of the coordinators for the general managers of each business unit and fully exercised their roles in facilitating the communication between the management and the staff by changing their sessions.

The Group also attached great importance to the health of our staff. All employees are granted annual physical examination.

Promotion to the Growth of Employees

We revised our assessment mechanism for employee performance from time to time, analyzed the reasons for employees' leaving and entering office and gained a better understanding to the training needs for employees.

In 2013, we initiated 2 training courses for the management, professional technicians and skilled personnel, organized 81 training courses of various kinds, and held totaling 39 activities such as skill competitions, organizational trainings, on-the-job trainings and technique contests, etc.

Care for the Staff's Life

Since 2005, in the spirit of mutual help and mutual care, staff of the Company began to subsidize and support those in serious illness by setting up a relief fund and paying membership fees. In 2013, the Company subsidized a total of 56 persons including employees as well as their family members who have been in serious illness, and released a relief fund totaling approximately RMB652,000. The Company also paid visits to a total of 1,228 employees who worked on the front-line, who left office or retired, or those who were in difficulties, and invested a total of RMB1,147,000 for condolence.

Enhancement of the Strategic Cooperation with the Suppliers

The Group highly values its strategic cooperation with suppliers, and develops long-lasting and mutually-beneficial partnership. In terms of safeguarding a fair environment for market competition, the Group has created an open, fair and just competitive environment for the suppliers to take part in the tendering through developing a centralized management system and promoting the formulation and intensification of tender procurement.

In terms of optimizing the utilization of social resources, the internal system of the Group has enhanced its ability to adapt to and interact with the market in terms of securing of the supply, cost control and environmental protection. It has strengthened the strategic cooperation with key coal suppliers and signed medium- and long-term strategic agreements for cooperation and purchase and sale. By securing key resources, it safeguarded the stable coal supply of its coal-fired power plants in the long run.

In terms of promoting mutual benefit and win-win results, the Group has been dedicating to promote the communication and cooperation with the suppliers of traditional power generating equipment with good reputation and strong competence, and collectively facilitated the construction of technologically innovative projects in saving resources, energy saving and consumption reduction, reduction of environmental pollution and raising of efficiency, etc.

INVESTOR RELATIONS AND FREQUENTLY ASKED QUESTIONS

INVESTOR RELATIONS

The Company, the Board and the management has always prioritized investor relations activities and deeply acknowledge that investor relations is a strategic management activity which could enhance understanding between investors and the Company, upgrade the level of corporate governance, transparency and strategic credibility and create values for shareholders. Since the listing of the Company, we have been putting effort in investor relations works, maintaining good communications with the investors. We are also convinced that reporting to shareholders as well as establishing a good investor relation are important responsibilities of the Board and the management.

The Chairman, the Directors and the senior management has participated in a variety of investor relations activities to maintain communication with the investors. Apart from introducing the development in the power industry, the relevant environmental protection, industry and tariff policies, the operations and development strategies of the coal-fired power and hydropower of the Company, we also emphasize the feedback from the investors during the meetings with the investors in order to form a good interaction between the Company and the investors. From this we continuously improve our operations and management while creating greater value for the shareholders.

PRESS CONFERENCES FOR ANNUAL AND INTERIM RESULTS

In 2013, the Company organized the results press conferences right after the publications of its 2012 annual and 2013 interim results, to give a detailed account of the annual and interim results of the Company. The Chairman, the Directors and the senior management attended the conferences and had direct communications with investors, securities analysts and financial media to keep them abreast of the business development and overall strategic planning of the Company as well as gaining investors' understanding and recognition of the future expansion plans and profit growth targets of the Company.

ANNUAL GENERAL MEETING

Last year the annual general meeting was held on 28 May 2013 at Ballroom, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong. The Directors and the senior management together with the external independent auditor attended the annual general meeting to answer enquiries from the shareholders and investors attending the meeting. All ordinary resolutions proposed in the meeting were duly passed by shareholders' voting.

The annual general meeting this year is proposed to be held on 22 May 2014.

EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting was held on 15 November 2013 at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong for considering and approving the resolutions on the acquisition of 100% interest of Wuhu Electric Power. The relevant resolutions were duly passed in the meeting by way of shareholders' voting.

ROADSHOWS

In 2013, we launched various roadshows in Hong Kong, Singapore and Europe to coordinate with the announcing of the results of the Company. It was also the first roadshow in Europe since 2010, for expanding the investor base. The senior management and investor relations team participated in the roadshows to interview and communicate with investors.

In 2013, we carried out roadshows in Hong Kong and in the United States in relation to the acquisition of 100% equity interest in Wuhu Electric Power. The relevant arrangements and positive effects of the acquisition of Wuhu Electric Power were fully explained to the investors and secured the support of the majority of shareholders.

INVESTOR CONFERENCES

In 2013, the senior management and investor relations team participated in eleven investor conferences organized by major investment banks in Hong Kong, Beijing and Shanghai, and attended small-scale seminars held by investment banks to maintain interactive communications with investors.

REGULAR MEETINGS WITH INVESTORS

The senior management and investor relations team have meetings with investors and analysts upon their requests to introduce the information and recent operations of the Company and answer questions raised by investors.

In 2013, the Company conducted nearly two hundred of one-on-one meetings or seminars with hundreds of investors and analysts, thereby maintaining good communication with securities analysts, investors and financial media.

SHAREHOLDERS AND INVESTORS ENQUIRIES

The contact information for shareholders and investors enquiries are set out in the section headed "Useful Information for Investors" of this annual report.

FREQUENTLY ASKED QUESTIONS

1. What is the Company's Development Strategy?

Since the listing in 2004, the development strategy of the Company has been consistent and distinctive. With the support of the parent companies CPI Group and CPI Holding, we focus on the development of large coal-fired power and hydropower projects through acquisitions and construction in economically developed coastal areas or resources-rich regions, as well as more emphasis on the development of clean energy in the future so as to maintain sustainable, rapid and healthy growth of the Company.

Currently, the Group is progressing forward in both of its core segments of coal-fired and hydropower generation. In 2013, the Group continued to promote the development strategy of "balanced hydropower and coal-fired power generation". There were four large coal-fired power generating units in Jiangsu and Shanxi and one hydropower plant at Baishi, Hunan completed construction and commenced commercial operation during the year under review.

INVESTOR RELATIONS AND FREQUENTLY ASKED QUESTIONS

For hydropower, the Company will utilize the high quality platform brought by Wu Ling Power to build and acquire hydropower projects in Hunan and Sichuan and continually expand the hydropower capacity. For conventional coal-fired power, the Company will establish a number of coal-fired power generating units with high-capacity and high parameter in Anhui, Shanxi, Hubei and Guizhou so as to increase the competitiveness of its coal-fired power business. Furthermore, the Company will promote the integration and joint-operation of coal and electricity businesses and expand its business to the coal markets in Sichuan, Guizhou, Shanxi and Anhui.

2. What is the Company's Capital Injection Plan for the Next Two Years?

Since the listing in 2004, we have acquired Shentou Power Plant I in 2005, 25% equity interest of Shanghai Power in 2006 and 63% equity interests of Wu Ling Power. In 2013, the Company successfully completed the acquisition of 100% equity interests in Wuhu Electric Power. Most of these acquisitions were completed through capital injections from the parent companies, CPI Group and CPI Holding, showing their strong support for the Company.

CPI Group is a large power enterprise with a diversified and quality asset portfolio. As at the end of 2013, the total installed power capacity of CPI Group amounted to approximately 90GW. While developing large-scale coal-fired power and hydropower projects, CPI Group has obtained the controlling rights to develop and operate nuclear power, and is currently participating in several nuclear projects with controlling stakes. Furthermore, CPI Group also has expanded its presence in the development of various type of clean energy, coal mining, port and electrolytic aluminum.

In 2014, the Company will continue to seize investment opportunities in the areas of coal-fired power, hydropower and other clean energy. Capitalized on the support of its parent companies, the Company will continue to optimize its asset structure and develop into a unique listed power company with complementary businesses of hydropower and coal-fired power generation.

3. What is the Current Tariff Level of the Company? What was the Impact of Adjustments of On-Grid Tariffs on the Company in 2013?

In 2013, the average on-grid tariff of coal-fired power of the Company was RMB373.51/MWh, representing a decrease of 1.09% as compared with RMB377.61/MWh of last year, while the average on-grid tariff of hydropower of the Company was RMB288.56/MWh, representing an increase of 3.47% as compared with RMB278.87/MWh of last year.

The National Development and Reform Commission announced that the downward adjustment to the on-grid tariffs for coal-fired power began in September 2013 while also resolved to raise the denitration tariff subsidy from RMB8/MWh to RMB10/MWh and to provide a new dedusting tariff subsidy at RMB2/MWh. After such adjustments on-grid tariffs, excluding the denitration and dedusting tariff subsidies, the weighted average on-grid tariffs for the installed capacity of the Company's coal-fired power generating units would be decreased by approximately RMB12.59/MWh.

4. What is the Company's Utilization Hours for 2013 and the Expectation for 2014?

In 2013, subject to the factors affecting the PRC's domestic economy, the increasing installed capacity of new energy as well as the supply and demand conditions of electricity, the average utilization hours of power generation facilities in the PRC during the year was 4,511 hours, representing a year-on-year decrease of 68 hours. Of which, the average utilization hours of coal-fired power generation facilities was 5,012 hours, representing a year-on-year increase of 30 hours, while the average utilization hours of hydropower generation facilities was 3,318 hours, representing a year-on-year decrease of 273 hours. The Group's business performance was broadly in line with the national power industry in the PRC.

In 2013, the average utilization hours of coal-fired power plants of the Group realized was 4,998 hours, representing an increase of 39 hours as compared with the previous year, while the average utilization hours of hydropower plants realized was 3,436 hours, representing a decrease of 46 hours as compared with the previous year.

According to the estimates of China Electricity Council, the PRC macro economy in 2014 is expected to maintain running smoothly, but downward pressure is still there, numerous uncertainties affecting the economic trend, the situation is more complex. The power industry as an energy supply to support dynamic macroeconomic growth, it is expected that its future development trend should remain stable.

5. What is the Company's Capital Expenditures for 2013 and the Plan for 2014?

In 2013, the capital expenditure of the Group (excluding the acquisition of Wuhu Power Plant) for the year was RMB7,049,790,000. Of which, the capital expenditure mainly for the coal-fired power segment was RMB3,197,196,000, which was mainly used for the construction of new coal-fired power generating units in Shanxi, Jiangsu and Anhui and for technical upgrade of the existing power generating units. While the capital expenditure for the hydropower segment was RMB3,852,594,000, which was mainly used for the construction of hydropower plants, namely Baishi Power Plant and Tuokou Power Plant in Hunan Province. Sources of funds were mainly from project financing, bonds issue and self-generated funds.

In 2014, the Group has planned the capital expenditure of approximately RMB6,910,000,000. Of which, the coal-fired power segment plans expenditure of RMB3,333,000,000, while the hydropower segment plans expenditure of RMB3,577,000,000, which will mainly use for the construction of new power generating units and technical upgrade.

6. What is the Applicable Tax Rate for China Power at Present?

Among the coal-fired power plants of the Group, the preferential tax treatment "First two years exemption and subsequent three years 50% reduction" for Yaomeng Power Plant II and Dabieshan Power Plant has expired. In 2013, except Fuxi Power Plant currently enjoys the preferential tax treatment, other power plants of the Group were all subject to the income tax rate at 25% for the year.

The hydropower plants of the Group were subject to the income tax rate of 25% for the year (the income tax rate of some small hydropower plants in Sichuan is lower than 25%).

7. What is the Company's Dividend Policy?

The dividend policy of the Company has taken into account of the cash flows and development needs of the Group, and the dividend payout ratio of the peers in the industry. The dividend payout ratio of the Company for the years 2005 to 2012 (except for the year 2008) was approximately in the range of 33% to 45%. In 2008, the Board did not declare dividend payment because the Company recorded a loss in annual results.

The Board recommended the dividend payment of RMB0.16 per ordinary share for the year 2013, and dividend payout ratio was 40%.

Apart from our commitment of a dividend payout ratio of not less than 25%, we will continue to take the above mentioned factors into full consideration when formulating our dividend policy in the future.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the "Board") hereby presents to the shareholders its report together with the audited financial statements of the Group for the year ended 31 December 2013 (the "Financial Statements").

PRINCIPAL ACTIVITIES

The principal activities of the Group are to develop, construct, own, operate and manage large power plants in China, and engage in investment holdings. Particulars of the Company's principal subsidiaries are shown in Note 20 to the Financial Statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2013 are set out in the Consolidated Income Statement on page 85. The Board has recommended the payment of a final dividend of RMB0.16 (equivalent to HK$0.2025) per ordinary share for the year ended 31 December 2013, with a total amount of approximately RMB1,030,240,000.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment of approximately RMB5,803,998,000, mainly representing general power assets. Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in Note 16 to the Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in Note 29(a) to the Financial Statements.

BONDS ISSUED

Wu Ling Power, a 63%-owned subsidiary of the Company, issued the second tranche RMB500 million two-year non-public debt financing instrument in June 2013, and also re-issued the first tranche RMB 500 million one-year-debentures in January 2013.

Details of the corporate bonds of the Group and the Company are set out in Note 33 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in Note 30 to the Financial Statements.

DISTRIBUTABLE RESERVE

Calculated under Section 79B of the Companies Ordinance, as at 31 December 2013, the distributable reserve of the Company amounted to RMB2,073,970,000 (2012: RMB1,731,240,000).

DIRECTORS

The present Directors of the Company are set out in the section headed "Corporate Information" of this annual report. Biographical details of each of the Directors are set out in the section headed "Directors and Senior Management Profiles" of this annual report, and details of Directors' emoluments are set out in Note 15 to the Financial Statements.

In accordance with Article 82 of the Company's Articles of Association and the Listing Rules, Mr. Gu Dake and Mr. Guan Qihong will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. If the above Directors are re-elected, they will not enter into service contracts with the Company or any of its subsidiaries which are not determinable by the employing company within one year without payment of compensation other than statutory compensation.

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

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors independent.

SHARE OPTION SCHEMES

The Company has two share option schemes, namely the Pre-IPO share option scheme (the "Pre-IPO Scheme") and the share option scheme (the "Share Option Scheme") as follows:

(A) Pre-IPO Scheme

The Company has conditionally approved and adopted the Pre-IPO Scheme on 24 August 2004. The purposes of the Pre-IPO Scheme are to retain high-calibre personnel who have contributed to the Company's long-term development and profitability and to motivate them to higher levels of performance by providing them with the opportunity to acquire equity in the Company.

The Pre-IPO Scheme ended on the date on which dealings in the shares commenced on the Hong Kong Stock Exchange (i.e. 15 October 2004). No further share options may be granted after that date but the provisions of the Pre-IPO Scheme shall remain in full force and effect.

As at the date of this annual report, a total of 5,856,900 shares (representing approximately 0.09% of the existing issued share capital of the Company) may be issued by the Company if all share options which had been granted under the Pre-IPO Scheme have been exercised.

Save that the exercise price per share is subject to the share options granted under the Pre-IPO Scheme being the offer price per share under the IPO of the Company, the principal terms of the Pre-IPO Scheme are substantially the same as the applicable terms of the Share Option Scheme. Grantees under the Pre-IPO Scheme were required to pay HK$1.00 to the Company as the nominal consideration of each share option granted.

Each share option has a 10-year exercise period within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option (less any number of shares in respect of which the share option has been previously exercised).

The Company has used the Black-Scholes Option Pricing Model (the "Model") to assess value of the share options at the dates of grant. The Model is one of the commonly used models to estimate the fair value of a share option. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option. As such, the fair values calculated are inherently subjective due to the assumptions made and the limitations of the valuation model used.

The share options of the Pre-IPO Scheme were granted to the Directors, senior management and certain other employees of the Company on 18 September 2004 and to certain other employees of the Company on 11 October 2004. The fair value of these share options determined at the dates of grant using the Model were HK$9,875,200 and HK$4,006,000 respectively. All such fair value had already been expensed regressively through the Group's consolidated income statement over the four-year vesting period of the share options commencing from the year ended 31 December 2004.

Movements of the share options granted under the Pre-IPO Scheme during the year ended 31 December 2013 are as follows:

		Number of shares subject to share options					
Grantee	**Date of grant**	**As at 1 January 2013**	**Lapsed or cancelled during the year**	**Exercised during the year**	**Outstanding as at 31 December 2013**	**Expiry date**	**Exercise price per share (HK$)**
Directors:							
LI Xiaolin	18 September 2004	1,661,500	–	–	1,661,500	17 September 2014	2.53
GU Dake	18 September 2004	872,300	–	–	872,300	17 September 2014	2.53
WANG Zichao	18 September 2004	540,000	–	–	540,000	17 September 2014	2.53
Other employees	18 September 2004	2,284,600	–	–	2,284,600	17 September 2014	2.53
	11 October 2004	498,500	–	–	498,500	10 October 2014	2.53

(B) Share Option Scheme

The Share Option Scheme was conditionally approved and adopted by a written resolution passed by the Company's shareholders on 24 August 2004. The purposes of the Share Option Scheme are to attract and retain high-calibre personnel to provide them with the opportunity to acquire equity in the Company and to motivate them to higher levels of performance.

Unless otherwise terminated by the Board or the shareholders of the Company in general meeting in accordance with the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it is conditionally adopted by the resolution passed by our shareholders in general meeting (i.e. 24 August 2004) (the "Scheme Period"), and after which no further share options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting share options granted within the Scheme Period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

The Board may, at its absolute discretion, offer any employees, Directors (including executive and non-executive Directors other than independent non-executive Directors), chief executive and members of the management of the Company and the Group (the "Eligible Person") share options to subscribe for shares in the Company. Upon acceptance of the offer of the share option, the grantee shall pay HK$1.00 to the Company as a nominal consideration for the share option granted.

As at the date of issue of this annual report, the total number of shares in respect of which share options may be granted under the Share Option Scheme was 31,874,000 shares, representing approximately 0.50% of the existing issued share capital of the Company.

Except with the approval of the Company's independent shareholders at the general meeting, the total number of shares issued and to be issued upon the exercise of the share options granted or to be granted to each Eligible Person under the Share Option Scheme and other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding share options) in any 12-month period shall not exceed 1% of the Company's shares in issue.

The exercise price per share subject to the share options granted under the Share Option Scheme shall be determined by the Board but shall be not less than the greatest of:

(a) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date, which must be a business day, of the written offer of the share option (the "Offer Date");

(b) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and

(c) the nominal value of the shares.

In the event of a capitalisation issue, rights issue, sub-division or consolidation of the shares or reduction of the capital of the Company whilst any share option remains exercisable, the Company shall make such corresponding adjustments to the exercise price per share for the outstanding share options.

A share option may be exercised at any time during a period to be notified by the Board to each grantee, such period not to exceed ten years from the Offer Date of the relevant share option. Save any circumstance stated below, the share options granted under the Share Option Scheme will have a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the Offer Date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the shares comprised in his or her share option subject to any early vesting of share options described in the following paragraphs.

(1) Rights on a General Offer

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in similar manner) is made to the Company's shareholders, the Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they will become, by the exercise in full of the share options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantees shall be entitled to exercise the share option in full (to the extent not already exercised) within 14 days after the date on which such offer becomes or is declared unconditional.

(2) Rights on Schemes of Compromise or Arrangement

If, pursuant to the Companies Ordinance, a compromise or arrangement between the Company and its shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees on the same date as it dispatches to each shareholder or creditor of the Company a notice summoning a meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his/her options in whole or in part prior to 12:00 noon on the day immediately preceding the date of the meeting directed to be convened by the court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all grantees to exercise their respective share options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all share options shall, to the extent that they have not been exercised, be void and lapse.

(3) Rights on a Voluntary Winding-Up

In the event of an effective resolution being passed for the voluntary winding-up of the Company or an order of the court is made for the winding-up of the Company, the Company shall give notice thereof ("winding-up notice") to all grantees on the same day as such resolution is passed or order is made. The grantee may by notice in writing to the Company within 21 days after the date of the winding-up notice elect to be treated as if the share option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in the grantee's notice, such notice to be accompanied by a remittance for the full amount of the aggregate subscription price for the shares in respect of which notice is given, whereupon the grantee will be entitled to receive out of the assets available in the liquidation pari passu with the Company's shareholders such sum as would have been received in respect of the shares the subject of such election.

The Company has used the Black-Scholes Option Pricing Model (the "Model") to assess the value of the share options at the dates of grant. The Model is one of the commonly used models to estimate the fair value of a share option. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

Pursuant to the Share Option Scheme, the share options were granted to the Directors, senior management and certain other employees on 4 April 2007 and 2 July 2008 respectively. The fair value of these share options determined at the dates of grant using the Model were HK$23,517,000 and HK$18,346,000 respectively. All such fair value had already been expensed regressively through the Group's consolidated income statement over the four-year vesting period of the relevant share options commencing from the years ended 31 December 2007 and 2008 respectively.

Movements of the share options under the Share Option Scheme for the year ended 31 December 2013 are as follows:

		Number of shares subject to share options					
Grantee	**Date of grant**	**As at 1 January 2013**	**Lapsed or cancelled during the year**	**Exercised during the year**	**Outstanding as at 31 December 2013**	**Expiry date**	**Exercise price per share (HK$)**
Directors:							
LI Xiaolin	4 April 2007	1,905,000	–	–	1,905,000	3 April 2017	4.07
	2 July 2008	820,000	–	–	820,000	1 July 2018	2.326
GU Dake	4 April 2007	1,377,000	–	–	1,377,000	3 April 2017	4.07
	2 July 2008	700,000	–	–	700,000	1 July 2018	2.326
GUAN Qihong	2 July 2008	400,000	–	–	400,000	1 July 2018	2.326
WANG Zichao	4 April 2007	804,000	–	–	804,000	3 April 2017	4.07
	2 July 2008	700,000	–	–	700,000	1 July 2018	2.326
Other employees	4 April 2007	5,958,000	–	–	5,958,000	3 April 2017	4.07
	2 July 2008	19,410,000	(200,000)	–	19,210,000	1 July 2018	2.326

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, save as disclosed below, none of the Directors and their associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of the Director	Position(s) within Company	Other Interests
LI Xiaolin	Chairman, Executive Director and Chief Executive Officer	Deputy general manager of CPI Group; chairman of CPI Holding; chairman of China Power New Energy Development Limited and director of Companhia de Electricidade de Macau
GU Dake	Executive Director and President	Director and general manager of CPI Holding
GUAN Qihong	Non-executive Director	Director of CPI Holding, director of CPI Financial and supervisor of the Capital Market and Equity Management Department of CPI Group
WANG Zichao	Non-executive Director	General manager of the branch company of CPI Group in Hunan and the chairman of Wu Ling Power, a 63%-owned subsidiary of the Company

DIRECTORS' INTEREST IN CONTRACTS

There is no contract of significance in which the Company, its subsidiaries, its holding companies, fellow subsidiaries, associates and joint ventures was a party, and in which the Director had any material interest, subsisted during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2013, save as disclosed below, none of the Directors or the chief executive has any interest or short positions 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, Cap. 571 of the Laws of Hong Kong (the "SFO") which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Name	Capacity	Name of company in which interests are held	Date of grant	Number of underlying shares interested under physically settled equity derivatives[1]	Percentage of issued share capital of the Company (%)	Long/Short position
LI Xiaolin	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	4,386,500	0.068	Long
GU Dake	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	2,949,300	0.046	Long
GUAN Qihong	Beneficial owner	the Company	2 July 2008	400,000	0.006	Long
WANG Zichao	Beneficial owner	the Company	18 September 2004, 4 April 2007 and 2 July 2008	2,044,000	0.032	Long

Notes:

(1) The interests of the above Directors in the underlying shares of the Company represent the share options granted to them under the Pre-IPO Scheme and the Share Option Scheme by the Company.

(2) None of the above Directors has interests in any securities of the Company (except for interests held under equity derivatives disclosed above).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2013, save as disclosed below, no person, not being a Director nor chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which should be recorded in the register kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives[(3)]	Percentage of issued share capital of the Company (%)	Long/Short position
China Power Development Limited ("CPDL")	Beneficial owner	1,996,500,000	31.18	Long
CPI Holding[(1)]	Interest of a controlled corporation	1,996,500,000	31.18	Long
	Beneficial owner	2,074,538,546	32.39	Long
CPI Group[(2)]	Interest of a controlled corporation	4,071,038,546	63.57	Long

Notes:

(1) CPI Holding is the beneficial owner of CPDL and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL for the purposes of the SFO.

(2) CPI Group is the beneficial owner of CPI Holding and therefore CPI Group is deemed to be interested in the shares of the Company owned by CPI Holding for the purposes of the SFO.

(3) CPI Group, CPI Holding and CPDL do not have any interest in the equity derivatives of the Company.

CONNECTED TRANSACTIONS ENTERED BY THE GROUP

Connected Transactions

(A) Contracting Agreement for Construction of Denitration System (the "Contracting Agreement")

Date: 6 February 2013

Parties:
(i) The Company (representing its subsidiaries, Pingwei Power Plant and Pingwei Power Plant II, individually the "Employer" or collectively the "Employers")
(ii) CPI Yuanda Environmental-Protection Engineering Co., Ltd. (the "Contractor")

Contracting fees: RMB226,490,000

Under the Contracting Agreement, the Contractor has undertaken to provide the works and services including the full range of design, purchase and supply of equipment, materials, parts and tools, construction and installation, technical advisory and personnel training, system's performance guarantee and support in relation to the construction of the Denitration System for the power generation units of the Employers located in the Anhui Province of the PRC. The contracting fees are payable by installments in accordance with the construction progress made.

CPI Yuanda Environmental-Protection Engineering Co., Ltd. is a subsidiary of CPI Group, and CPI Group is the ultimate controlling company of the Company. Accordingly, the Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

(B) Construction of two 1,000MW ultra super-critical coal-fired power generating units for Pingwei Power Plant III (the "Project")

1. *Construction Project Management Agreement*

Date:	28 June 2013
Parties:	(i) Pingwei Power Plant III
	(ii) CPI Engineering Company Limited
Project management fee:	RMB62,000,000
Bonus management fee:	Not exceeding 4% of the contracted management fee, i.e. RMB2,480,000
Project design consultancy fee:	RMB5,000,000
Bonus consultancy fee:	Not exceeding 30% of the contracted project design consultancy fee, i.e. RMB1,500,000

The services comprised of two parts: (i) the services for acting as the project manager of the Project which include the project planning and comprehensive control and management throughout the whole process of construction of the Project until the expiry of the one-year warranty period after its completion; and (ii) the consultancy for project design optimization to ensure meeting the national technical and economical standards for constructing similar type of power generating units in terms of safety, reliability, quality and cost effectiveness in the PRC. The service fees are payable by installments.

CPI Engineering Company Limited is a subsidiary of CPI Group and CPI Group is the ultimate controlling company of the Company. As such, the Construction Project Management Agreement constitutes a connected transaction of the Company under the Listing Rules.

2. *Project Tender and Facilities Service Agreement*

Date:	28 June 2013
Parties:	(i) Pingwei Power Plant III
	(ii) CP Complete Facilities Company Limited
Service fee:	RMB12,000,000

The services to be provided under the agreement include technical assistance and consultancy in relating to: (i) calling of tenders for the construction of the main power generating units, all their ancillary facilities, machinery and equipment; (ii) supervising the construction of the ancillary facilities and manufacture of machinery and equipment; and (iii) acting as the agent for purchasing imported machinery, equipment and materials. The service fee is payable by installments.

CP Complete Facilities Company Limited is a subsidiary of CPI Group and CPI Group is the ultimate controlling company of the Company. As such, the Project Tender and Facilities Service Agreement constitutes a connected transaction of the Company under the Listing Rules.

3. *Project Material Management Agreement*

Date:	28 June 2013	
Parties:	(i)	Pingwei Power Plant III
	(ii)	Pingwei Maintenance Company
Service fee:	RMB15,978,000	

The services to be provided under the agreement include (i) unloading and transportation to warehouse, (ii) unpacking, inspection, storage, and inventory system management, (iii) planning, managing, maintenance and fire safety at the warehouse site, and (iv) documentation throughout the whole logistic process, for all machinery, equipment and materials in relation to the construction works of the Project. The service fee is payable by installments.

Pingwei Maintenance Company is a subsidiary of CPI Holding and CPI Holding is the controlling company of the Company. As such, the Project Material Management Agreement constitutes a connected transaction of the Company under the Listing Rules.

(C) Acquisition of 100% Interest in Wuhu Electric Power

On 12 October 2013, the Company entered into an acquisition agreement (the “Acquisition Agreement”) with CPI Holding, pursuant to which the Company acquired 100% equity interest in Wuhu Electric Power from CPI Holding at a consideration of RMB1,450,000,000. The consideration was satisfied as to 85% thereof by the issue of the consideration shares and as to 15% thereof by way of cash payment.

Wuhu Electric Power currently holds two 660MW ultra super-critical coal-fired power generating units located in Wuhu City of Anhui Province in the PRC. The Company believes that its business will be enhanced through the acquisition which would help expand its operational scale and improve the quality of its assets.

CPI Holding is the controlling company of the Company, the entering into the Acquisition Agreement constitutes a connected transaction of the Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

(A) Land Lease Agreements

1. *Pingwei Power Plant and Yaomeng Power Plant Land Lease Agreements*

Each of Pingwei Power Plant and Yaomeng Power Plant entered into a land lease agreement with CPI Group on 27 August 2004 (the "Land Lease Agreements") to lease from CPI Group the land on which they are respectively situated. The Land Lease Agreement with Yaomeng Power Plant was later supplemented on 24 September 2004 and 23 May 2007 respectively. In addition, the Land Lease Agreement with Pingwei Power Plant was also supplemented on 23 May 2007. The basic terms of the above two Land Lease Agreements as amended are as follows:

Land Lease Agreement	Area (sq. m.)	Annual rent (RMB)	Lease Commencement date	Lease expiry date
Pingwei Land Lease Agreement	4,352,884	6,845,839.32	1 August 2004	16 September 2019 (being the expiry date of the term of the operation of Pingwei Power Plant)
Yaomeng Land Lease Agreement	2,858,170.6	5,275,364.7	1 August 2004	26 August 2019 (being the expiry date of the term of the operation of Yaomeng Power Plant)

Pingwei Power Plant and Yaomeng Power Plant are subsidiaries of the Company. CPI Group is the ultimate controlling company of the Company. Accordingly, the Land Lease Agreements constitute continuing connected transactions of the Company under the Listing Rules.

2. *Shentou I Power Plant Land Use Right Lease Agreement*

On 9 June 2005, Tianze Development Limited, the holding company of Shentou I Power Plant, entered into a land use right lease agreement (the "Land Use Right Lease Agreement") with CPI Group regarding the lease from CPI Group of a piece of land with an area of approximately 2,925,019.15 sq. m. for a lease term of 20 years commencing from 1 July 2005. The annual rent for the period up to 31 December 2013 is fixed at RMB4,940,000. The rental amount is subject to review by the parties with reference to an independent valuation upon expiry of the said period.

Shentou I Power Plant is situated on a parcel of land allocated by the State to CPI Group. Accordingly, it is essential to enter into the Land Use Right Lease Agreement to ensure that Shentou I Power Plant is entitled to continue its operation on the land.

Shentou I Power Plant is a subsidiary of the Company. CPI Group is the ultimate controlling company of the Company. Accordingly, the Land Use Right Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

(B) Property Lease Agreements

1. *Beijing Property Lease Agreement*

On 13 July 2012, the Company entered into an agreement with CPI Holding to renew a property lease (the "Beijing Property Lease Agreement") in which the premises being rented is used as an office of the Company. The basic terms of the Beijing Property Lease Agreement are set out as below:

Address of Premises	Area (sq. m.)	Use	Annual Rent	Lease Term
Premises situated on 6th to 9th and 11th to 13th Floors, East Building, Huihuang Shidai Plaza, 56 North West Fourth Ring Road, Haidian District, Beijing, PRC	8,800	Office	US$2,745,600 or US$26 per square metre per month	1 September 2012 to 31 August 2015

The rent is determined after arm's length negotiations and is more favourable than the market rent for other comparable office buildings in the proximity.

CPI Holding is the controlling company of the Company, the entering into the Beijing Property Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

2. *Wu Ling Lease Agreement*

Qian Dong Power has been leasing a switching station and transmission lines owned by Wu Ling Power since the beginning of 2009 for the transmission of electricity generated by Qian Dong Power plant to the Hunan power grid (the "Wu Ling Lease Agreement"). The details of the Wu Ling Lease Agreement are set out in the following:

Renewal date:	8 June 2012
Annual consideration:	RMB54,110,000 (the consideration shall be payable annually, on normal commercial terms and not more favourable than that given to any independent third party)
Term:	9 June 2012 to 31 December 2013
Renewal date:	20 December 2013
Annual consideration:	RMB54,110,000 (the consideration shall be payable annually, on normal commercial terms and not more favourable than that given to any independent third party)
Term:	1 January 2014 to 31 December 2015

Wu Ling Power is a subsidiary of the Company. Qian Dong Power is a non-wholly owned subsidiary of CPI Holding and CPI Holding is the controlling company of the Company. As such, Qian Dong Power is a connected person of the Company as defined in the Listing Rules. Accordingly, the Wu Ling Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

(C) Purchase Agreement

Material Purchase Framework Agreement

Date:	4 December 2012
Parties:	(i) The Company (representing its subsidiaries, Pingwei Power Plant, Pingwei Power Plant II, Yaomeng Power Plant, Yaomeng Power Plant II, Fuxi Power Plant and CP Shentou Power Plant, individually the "Purchaser" or collectively the "Purchasers") (ii) Beijing CP Environmental (representing its subsidiaries, Huainan branch of Beijing CP Environmental, Pingdingshan branch of Beijing CP Environmental, Sichuan Yibin and Shuozhou China Power Environmental Engineering Company Limited* (朔州中電環境工程有限公司), individually the "Supplier" or collectively the "Suppliers")
Term:	1 January 2013 to 31 December 2015
Proposed annual cap:	For the three financial years ending 31 December 2013, 2014 and 2015 should not exceed RMB131,582,000 including an assumed increment of 10% in purchase price.
Payment terms:	The Purchasers shall settle by cash on a monthly basis

Pursuant to Material Purchase Framework Agreement, the parties agreed that the Purchasers will purchase from the Suppliers the limestone powder for desulphurization (the "Materials"). The purchase price of the Materials is calculated on a cost plus profit basis and shall be determined by the parties each year by reference to the market conditions. If the circumstances warrant an adjustment in the purchase price of the Materials due to objective market factors, the increment shall not exceed 10% of the original price set by Material Purchase Framework Agreement, which will be negotiated between the parties at arm's length.

As the Suppliers are subsidiaries of CPI Holding and CPI Holding is the controlling company of the Company. As such, the Suppliers are connected persons of the Company under the Listing Rules. The transactions contemplated under the Material Purchase Framework Agreement constitute continuing connected transactions of the Company.

(D) Service Agreements

1. *Technical Repair and Maintenance Framework Agreements*

First Agreement

Date:	28 December 2012
Parties:	(i) The Company (representing its subsidiaries, Pingwei Power Plant, Yaomeng Power Plant and CP Shentou Power Plant, individually the "Employer" or collectively the "Employers") (ii) CP Maintenance Engineering (representing its subsidiaries, Pingwei Maintenance Company, Yaomeng Engineering Company and Shentou Engineering Company, individually the "Technician" or collectively the "Technicians")
Term:	1 January 2013 to 31 December 2015
Proposed annual caps:	For the three financial years ending 31 December 2013, 2014 and 2015 are RMB154,000,000, RMB186,000,000 and RMB186,000,000 respectively.

Second Agreement

Date:	19 December 2013
Parties:	(i) The Company (representing its subsidiaries, including but not limited to Pingwei Power Plant II and Yaomeng Power Plant II, individually the "Employer" or collectively the "Employers") (ii) CP Maintenance Engineering (representing its subsidiaries, including but not limited to Pingwei Maintenance Company and Yaomeng Engineering Company, individually the "Technician" or collectively the "Technicians")
Term:	1 January 2014 to 31 December 2016
Proposed annual cap:	For the three financial years ending 31 December 2014, 2015 and 2016 are RMB180,000,000 each year.

Pursuant to the above two Technical Repair and Maintenance Framework Agreements, the parties agreed that the Technicians will provide the Employers with repair and maintenance services for their power generation units and related power generation facilities. The Employers shall settle the service fee by cash on a monthly basis or payable with 3 months after completion of the required services. The service fee payable to relevant Technician from the relevant Employer shall be determined by the following:

- the applicable State tariffs set by the PRC government, if any;
- if there are no such stipulated State tariffs, tariffs recommended by the PRC government;
- if there are neither State tariffs nor recommended tariffs, prices determined in accordance with the tariffs for similar services provided by independent third parties in the prevailing market; and
- in the absence of the above, an agreed price at arm's length negotiation reflecting the reasonable costs incurred by the relevant Technician in providing the services plus profit basis.

As CP Maintenance Engineering, Pingwei Maintenance Company, Yaomeng Engineering Company and Shentou Engineering Company are subsidiaries of CPI Holding, and CPI Holding is the controlling company of the Company, the entering into the Technical Repair and Maintenance Framework Agreements constitute continuing connected transactions of the Company under the Listing Rules.

2. *Composite Support Services Framework Agreements*

First Agreement

Date:	28 December 2012
Parties:	(i) The Company (representing its subsidiaries, Pingwei Power Plant, Yaomeng Power Plant and CP Shentou Power Plant, individually the "Employer" or collectively the "Employers") (ii) CPI Holding (representing its subsidiaries, Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industry Company, individually the "Contractor" or collectively the "Contractors")
Term:	1 January 2013 to 31 December 2015
Proposed annual caps:	For the three financial years ending 31 December 2013, 2014 and 2015 are RMB145,000,000, RMB177,000,000 and RMB177,000,000 respectively.

Second Agreement

Date:	19 December 2013
Parties:	(i) The Company (representing its subsidiaries, including but not limited to Pingwei Power Plant II and Yaomeng Power Plant II, individually the "Employer" or collectively the "Employers") (ii) CPI Holding (representing its subsidiaries, including but not limited to Pingwei Industry Company and Yaomeng Industrial Company, individually the "Contractor" or collectively the "Contractors")
Term:	1 January 2014 to 31 December 2016
Proposed annual cap:	For the three financial years ending 31 December 2014, 2015 and 2016 are RMB95,000,000 each year.

Pursuant to the above two Composite Support Services Framework Agreements, the parties agreed that the Contractors will provide the Employers with various supporting services in relation to their daily power plant operations. The Employers shall settle the service fees by cash on a monthly basis or payable within 3 months after completion of the required services. The service fee payable to relevant Contractor from the relevant Employer shall be determined by the following:

- the tariffs for similar services provided by independent third parties in the prevailing market;
- the supporting services demanded by each power plant to meet the escalating local environmental and safety regulations;
- the expected time cost of labour required; and
- if the above are not applicable, an agreed price at arm's length negotiation reflecting the reasonable cost incurred by the relevant Contractor in providing the services plus profit basis.

As Pingwei Industry Company, Yaomeng Industrial Company and Shentou Industry Company are subsidiaries of CPI Holding, and CPI Holding is the controlling company of the Company, the entering into the Composite Support Services Framework Agreements constitute continuing connected transactions of the Company under the Listing Rules.

(E) Coal Supply Framework Agreements

1. *Huainan Mining*

First Agreement

Date: 26 July 2011

Parties:
(i) The Company (representing its subsidiaries, Pingwei Power Plant, Pingwei Power Plant II and Dabieshan Power Plant, individually the "Purchaser" or collectively the "Purchasers")
(ii) Huainan Mining

Term: Commencing on the date when the agreement was signed and expiring on 31 December 2013

Financial year ended 31 December	Aggregate annual amount of coal supply
2011	not exceed 8,500,000 tonnes
2012	not exceed 9,000,000 tonnes
2013	not exceed 10,000,000 tonnes

Financial year ended 31 December	Annual caps (RMB)
2011	5,200,000,000
2012	6,400,000,000
2013	7,300,000,000

Second Agreement

Date: 6 December 2013

Parties:
(i) The Company (representing Dabieshan Power Plant, Pingwei Power Plant, Pingwei Power Plant II, Pingwei Power Plant III, Wuhu Electric Power and CP Guorui, the subsidiaries of the Company, and Changshu Power Plant, an associate of the Company, individually the "Purchaser" or collectively the "Purchasers")
(ii) Huainan Mining

Term: 1 January 2014 to 31 December 2016

Financial year ended 31 December	Aggregate annual amount of coal supply
2014	not exceed 9,300,000 tonnes
2015	not exceed 12,100,000 tonnes
2016	not exceed 14,900,000 tonnes

Financial year ended 31 December	Annual caps (RMB)
2014	5,694,000,000
2015	7,388,000,000
2016	9,082,000,000

Pursuant to the above two Huainan Mining Coal Supply Framework Agreements, Huainan Mining will supply coal to the Purchasers. The Purchasers will settle the purchase of coal from Huainan Mining on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

As Huainan Mining is the substantial shareholder of Pingwei Power Plant II and Dabieshan Power Plant, the subsidiaries of the Company, therefore is a connected person of the Company under the Listing Rules. Accordingly, the Huainan Mining Coal Supply Framework Agreements constitute continuing connected transactions of the Company.

2. *China Coal Energy*

First Agreement

Date: 16 May 2013

Parties: (i) The Company (representing its subsidiary, CP Shentou Power Plant, the "Purchaser")
(ii) China Coal Energy

Term: Commencing on the date when the agreement was signed and expiring on 31 December 2015

Financial year ended 31 December	Aggregate annual amount of coal supply
2013	not exceed 2,500,000 tonnes
2014	not exceed 3,600,000 tonnes
2015	not exceed 3,600,000 tonnes

Financial year ended 31 December	Annual caps (RMB)
2013	700,000,000
2014	1,080,000,000
2015	1,116,000,000

Second Agreement

Date: 6 December 2013

Parties: (i) The Company (representing Dabieshan Power Plant, Pingwei Power Plant, Pingwei Power Plant II, Pingwei Power Plant III, Wuhu Electric Power and CP Guorui, the subsidiaries of the Company, and Changshu Power Plant, an associate of the Company, individually the "Purchaser" or collectively the "Purchasers")
(ii) China Coal Energy

Term: 1 January 2014 to 31 December 2016

Financial year ended 31 December	Aggregate annual amount of coal supply
2014	not exceed 1,200,000 tonnes
2015	not exceed 1,400,000 tonnes
2016	not exceed 1,400,000 tonnes

Financial year ended 31 December	Annual caps (RMB)
2014	729,000,000
2015	855,000,000
2016	855,000,000

Pursuant to the above two China Coal Energy Coal Supply Framework Agreements, China Coal Energy will supply coal to the Purchasers. The Purchasers will settle the purchase of coal from China Coal Energy on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

As China Coal Energy is the substantial shareholder of CP Shentou Power Plant, the subsidiary of the Company, therefore is a connected person of the Company under the Listing Rules. Accordingly, the China Coal Energy Coal Supply Framework Agreements constitute continuing connected transactions of the Company.

3. *CPI Logistics*

Date:	18 December 2013
Parties:	(i) The Company (representing, including but not limited to Dabieshan Power Plant, Pingwei Power Plant, Pingwei Power Plant II, Pingwei Power Plant III, Wuhu Electric Power and CP Guorui, the subsidiaries of the Company, and Changshu Power Plant, an associate of the Company, individually the "Purchaser" or collectively the "Purchasers") (ii) CPI Logistics
Term:	1 January 2014 to 31 December 2016
Aggregate amount of coal supply:	For the three financial years ending 31 December 2014, 2015 and 2016, the aggregate annual amount is up to 750,000 tonnes.
Proposed annual cap:	For the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB450,000,000 each year.

Pursuant to the CPI Logistics Coal Supply Framework Agreement, CPI Logistics will supply coal to the Purchasers. The Purchasers will settle the purchase of coal from CPI Logistics on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

As CPI Logistics is a wholly-owned subsidiary of CPI Group, the Company's ultimate controlling company, is a connected person of the Company under the Listing Rules. Accordingly, the CPI Logistics Coal Supply Framework Agreement constitutes a continuing connected transaction of the Company.

4. *Qinghe Electric Power*

Date:	18 December 2013
Parties:	(i) The Company (as the agent)
	(ii) Qinghe Electric Power (as the purchaser)
Term:	1 January 2014 to 31 December 2016
Aggregate amount of coal supply:	For the three financial years ending 31 December 2014, 2015 and 2016, the aggregate annual amount is up to 500,000 tonnes.
Proposed annual cap:	For the three financial years ending 31 December 2014, 2015 and 2016 will not exceed RMB130,000,000 each year.

Pursuant to the Qinghe Coal Supply Framework Agreement, the Company will procure and supply coal to Qinghe Electric Power. Qinghe Electric Power will settle the purchase of coal from the Company on a monthly basis or such other payments terms as both parties will agree from time to time in contracts.

As Qinghe Electric Power is a wholly-owned subsidiary of CPI Holding, the Company's controlling company, is a connected person of the Company under the Listing Rules. Accordingly, the Qinghe Coal Supply Framework Agreement constitutes a continuing connected transaction of the Company.

(F) Assets Management Agreements

Supplemental Assets Management Agreement VII

Date:	17 December 2012
Parties:	(i) The Company
	(ii) CPI Holding
Term:	1 January 2013 to 31 December 2015
Proposed annual cap:	The maximum annual management fee (including an assumed profit margin of 15% on management costs and an assumed increment in management costs of 10%) for each of the three financial years ended 31 December 2013, 2014 and 2015 shall not exceed RMB22,892,800.

Supplemental Assets Management Agreement VIII (To replace the above Supplemental Assets Management Agreement VII)

Date:	29 November 2013
Parties:	(i) The Company
	(ii) CPI Holding
Term:	1 December 2013 to 31 December 2015
Proposed annual cap:	The maximum annual management fee (including an assumed profit margin of 15% on management costs and an assumed increment in management costs of 10%) for each of the two financial years ending 31 December 2014 and 2015 shall not exceed RMB12,544,000.

The above two supplemental assets management agreements amended certain terms in the original assets management agreement, pursuant to which the Company would manage certain power plants for CPI Holding in return for a management fee. The management fee is payable monthly in arrears.

CPI Holding is the controlling company of the Company, the entering into the Supplemental Assets Management Agreements constitute continuing connected transactions of the Company under the Listing Rules.

RELATED PARTIES TRANSACTIONS

During the year 2013, those related party transactions listed under Note 44 to the Financial Statements which were connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules include:

- (a)(iii) Rental income from a fellow subsidiary
- (a)(iv) Management fee from CPI Holding
- (b)(i) Purchase of fuel, raw materials and spare parts from fellow subsidiaries and non-controlling shareholders of subsidiaries
- (b)(ii) Service fees to fellow subsidiaries
- (b)(vi) Operating lease rental expenses paid to CPI Group and CPI Holding
- (c)(ii) Loan to a fellow subsidiary
- (g) Acquisition of Wuhu Power Plant

In the opinion of the Directors, the Company has complied with the disclosure requirements in accordance with the relevant Listing Rules.

REVIEW BY AUDIT COMMITTEE MEMBERS AND AUDITOR

The independent non-executive Directors have reviewed the above continuing connected transactions during the year and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms and no less favourable than those available to or from independent third parties; and

(3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the Auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions for the year ended 31 December 2013 as disclosed by the Group set out on pages 72 to 80 of the annual report in accordance with Rule 14A.38 of the Listing Rules.

The Company has complied with the requirements set out in Chapter 14A of the Listing Rules.

Save as disclosed above, no contracts of significance to which the Company, its subsidiaries, its holding companies, associates or joint ventures was a party subsisted at any time during the year or at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2013.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, the aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 82.48% of the Group's total purchases and purchases attributable to the Group's largest supplier accounted for approximately 47.22% of the Group's total purchases.

For the year ended 31 December 2013, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 83.57% of the Group's total turnover and turnover attributable to the Group's largest customer accounted for approximately 20.53% of the Group's total turnover.

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

PUBLIC FLOAT

As at the date of this annual report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being no less than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDITOR

The Financial Statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offered themselves for re-appointment.

On behalf of the Board
China Power International Development Limited

Li Xiaolin
Chairman

Hong Kong, 19 March 2014

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 85 to 189, which comprise the consolidated and company statements of financial position 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA POWER INTERNATIONAL DEVELOPMENT LIMITED *(CONTINUED)*

(incorporated in Hong Kong with limited liability)

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, 19 March 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Revenue	5	**18,826,728**	17,497,128
Other income	6	**228,145**	179,467
Fuel costs		**(9,006,559)**	(9,470,027)
Depreciation		**(2,208,793)**	(2,081,650)
Staff costs	11	**(1,238,237)**	(983,603)
Repairs and maintenance		**(571,236)**	(549,488)
Consumables		**(260,956)**	(240,842)
Other gains, net	7	**540,068**	271,733
Other operating expenses		**(1,127,595)**	(1,063,078)
Operating profit	8	**5,181,565**	3,559,640
Finance income	9	**64,480**	115,694
Finance costs	9	**(1,511,774)**	(1,687,029)
Share of profits of associates		**435,704**	146,144
Share of profits/(losses) of joint ventures		**64,083**	(5,774)
Profit before taxation		**4,234,058**	2,128,675
Taxation	10	**(958,666)**	(447,399)
Profit for the year		**3,275,392**	1,681,276
Attributable to:			
Owners of the Company		**2,289,888**	1,181,125
Non-controlling interests		**985,504**	500,151
		3,275,392	1,681,276
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB per share)			
— Basic	13	**0.40**	0.22
— Diluted	13	**0.35**	0.21

Details of dividends payable to owners of the Company attributable to the profit for the year are set out in Note 14.

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Profit for the year	**3,275,392**	1,681,276
Other comprehensive loss that may be subsequently reclassified to profit or loss		
— Fair value loss on available-for-sale financial assets, net of tax	**–**	(27,234)
Total comprehensive income for the year	**3,275,392**	1,654,042
Attributable to:		
Owners of the Company	**2,289,888**	1,153,891
Non-controlling interests	**985,504**	500,151
Total comprehensive income for the year	**3,275,392**	1,654,042

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**61,618,034**	55,942,962
Prepayments for construction of power plants	17	**1,152,350**	1,655,650
Land use rights	18	**712,046**	449,928
Goodwill	19	**835,165**	767,453
Interests in associates	21	**2,225,483**	1,529,410
Interests in joint ventures	22	**596,366**	553,177
Available-for-sale financial assets	23	**2,026,793**	2,026,793
Loan to a fellow subsidiary	24	**200,000**	300,000
Deferred income tax assets	38	**88,746**	73,965
		69,454,983	63,299,338
Current assets			
Inventories	25	**648,405**	662,883
Accounts receivable	26	**2,493,682**	2,170,030
Prepayments, deposits and other receivables		**1,199,949**	1,114,807
Derivative financial instruments	37	**–**	38,744
Amounts due from related parties	27	**576,050**	565,378
Tax recoverable		**7,957**	6,800
Pledged bank deposits	40	**49,227**	35,000
Cash and cash equivalents	28	**1,641,368**	2,016,418
		6,616,638	6,610,060
Assets held for sale	39	**667,347**	–
		7,283,985	6,610,060
Total assets		**76,738,968**	69,909,398
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	29(a)	**6,161,388**	5,483,753
Share premium	29(b)	**5,773,347**	4,685,455
Reserves	30	**6,486,921**	4,773,036
		18,421,656	14,942,244
Non-controlling interests	20	**4,865,487**	3,987,178
Total equity		**23,287,143**	18,929,422

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**50,636**	64,497
Bank borrowings	31	**26,914,155**	27,929,204
Borrowings from related parties	32	**3,815,911**	3,705,911
Other borrowings	33	**3,737,240**	3,650,021
Obligations under finance leases	34	**443,388**	555,085
Deferred income tax liabilities	38	**1,102,506**	824,201
Other long-term liabilities		**3,467**	5,815
		36,067,303	36,734,734
Current liabilities			
Accounts and bills payables	35	**1,746,825**	795,363
Construction costs payable		**2,893,033**	2,296,777
Other payables and accrued charges	36	**992,489**	993,462
Amounts due to related parties	27	**437,441**	151,799
Bank borrowings	31	**8,660,220**	6,981,198
Borrowings from related parties	32	**1,407,000**	620,000
Other borrowings	33	**600,000**	2,053,540
Current portion of obligations under finance leases	34	**111,361**	103,911
Taxation payable		**536,153**	249,192
		17,384,522	14,245,242
Total liabilities		**53,451,825**	50,979,976
Total equity and liabilities		**76,738,968**	69,909,398
Net current liabilities		**10,100,537**	7,635,182
Total assets less current liabilities		**59,354,446**	55,664,156

Li Xiaolin
Director

Gu Dake
Director

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	7,913	8,963
Investments in subsidiaries	20	10,786,414	8,735,478
Interests in associates	21	985,687	585,687
Interests in joint ventures	22	593,200	593,200
Available-for-sale financial assets	23	1,872,081	1,872,081
		14,245,295	11,795,409
Current assets			
Prepayments, deposits and other receivables		2,124	8,959
Amounts due from related parties	27	501,148	480,465
Amounts due from subsidiaries	20	2,300,133	2,035,605
Dividends receivable		596,974	923,026
Cash and cash equivalents	28	577,958	1,408,643
		3,978,337	4,856,698
Total assets		18,223,632	16,652,107
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	29(a)	6,161,388	5,483,753
Share premium	29(b)	5,773,347	4,685,455
Reserves	30	2,685,191	2,407,662
		14,619,926	12,576,870

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Other borrowings	33	**2,241,547**	2,655,185
Deferred income tax liabilities	38	**109,945**	109,945
		2,351,492	2,765,130
Current liabilities			
Other payables and accrued charges	36	**35,196**	29,819
Amounts due to related parties	27	**12,813**	14,551
Amounts due to subsidiaries	20	**589,205**	841,460
Bank borrowings	31	**615,000**	424,277
		1,252,214	1,310,107
Total liabilities		**3,603,706**	4,075,237
Total equity and liabilities		**18,223,632**	16,652,107
Net current assets		**2,726,123**	3,546,591
Total assets less current liabilities		**16,971,418**	15,342,000

Li Xiaolin
Director

Gu Dake
Director

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital (Note 29(a)) RMB'000	Share premium (Note 29(b)) RMB'000	Other reserves (Note 30) RMB'000	Retained earnings (Note 30(iv)) RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2013	5,483,753	4,685,455	3,664,724	1,108,312	3,987,178	18,929,422
Profit and total comprehensive income for the year	–	–	–	2,289,888	985,504	3,275,392
Lapse of share options	–	–	(118)	118	–	–
Transfer to statutory reserves	–	–	146,379	(146,379)	–	–
Issue of new shares for acquisition of a subsidiary	428,618	805,801	–	–	–	1,234,419
Issue of new shares upon conversion of convertible bonds	249,017	282,091	(65,083)	–	–	466,025
Contributions from non-controlling shareholders of subsidiaries	–	–	–	–	120,313	120,313
Dividends paid to shareholders of subsidiaries	–	–	–	–	(227,508)	(227,508)
2012 final dividend	–	–	–	(510,920)	–	(510,920)
Total transactions with owners, recognised directly in equity	677,635	1,087,892	81,178	(657,181)	(107,195)	1,082,329
Balance at 31 December 2013	6,161,388	5,773,347	3,745,902	2,741,019	4,865,487	23,287,143

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital (Note 29(a)) RMB'000	Share premium (Note 29(b)) RMB'000	Other reserves (Note 30) RMB'000	Retained earnings (Note 30(iv)) RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2012	5,121,473	4,303,111	3,482,568	217,840	3,364,510	16,489,502
Profit for the year	–	–	–	1,181,125	500,151	1,681,276
Other comprehensive (loss)/income:						
Fair value loss on available-for-sale financial assets	–	–	(36,312)	–	–	(36,312)
Deferred tax on fair value loss on available-for-sale financial assets (Note 38)	–	–	9,078	–	–	9,078
Total comprehensive (loss)/income	–	–	(27,234)	1,181,125	500,151	1,654,042
Share-based compensation expense	–	–	318	–	–	318
Lapse of share options	–	–	(1,000)	1,000	–	–
Transfer to statutory reserves	–	–	61,835	(61,835)	–	–
Equity component of convertible bonds (Note 33(c))	–	–	148,237	–	–	148,237
Issue of ordinary shares	362,280	382,344	–	–	–	744,624
Contributions from non-controlling shareholders of subsidiaries	–	–	–	–	143,406	143,406
Dividends paid to a shareholder of a subsidiary	–	–	–	–	(20,889)	(20,889)
2011 final dividend	–	–	–	(229,818)	–	(229,818)
Total transactions with owners, recognised directly in equity	362,280	382,344	209,390	(290,653)	122,517	785,878
Balance at 31 December 2012	5,483,753	4,685,455	3,664,724	1,108,312	3,987,178	18,929,422

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Cash generated from operations	42(a)	**7,314,762**	5,157,734
Interest paid		**(2,396,511)**	(2,590,371)
PRC income tax paid		**(597,650)**	(220,861)
Net cash generated from operating activities		**4,320,601**	2,346,502
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,950,482)**	(5,577,944)
Prepayments for construction of power plants		**(1,214,717)**	(1,130,352)
Payment for land use rights		**(31,075)**	(1,157)
Proceeds from disposal of property, plant and equipment and land use rights		**1,272,421**	8,231
Proceeds from disposal of a joint venture		**19,588**	–
Proceeds from termination of derivative financial instruments		**12,110**	–
Acquisition of subsidiaries, net of cash acquired	41	**(53,974)**	(22,545)
Acquisition of joint ventures		**–**	(70,504)
Payment of considerations payable for acquisition of subsidiaries in prior years		**–**	(9,020)
Repayment of loans from a fellow subsidiary	24	**–**	1,500,000
Capital injection to associates		**(400,000)**	(39,188)
Capital injection to joint ventures		**–**	(136,498)
Advances made to an associate		**(200,000)**	(100,000)
Repayment of loan from/(new loan to) a fellow subsidiary	24	**100,000**	(300,000)
Dividends received		**389,322**	25,513
Interest received		**64,480**	115,694
Net cash used in investing activities		**(3,992,327)**	(5,737,770)

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 RMB'000	2012 RMB'000
Cash flows from financing activities			
New bank borrowings	42(b)	**10,876,539**	10,904,896
New borrowings from related parties	42(b)	**1,050,000**	1,640,295
New short-term other borrowings	42(b)	**600,000**	1,800,000
Proceeds from issue of corporate bonds by a subsidiary	33(b)	**500,000**	–
Proceeds from issue of convertible bonds	33(c)	**–**	1,140,000
Convertible bonds issuance expenses	33(c)	**–**	(25,484)
Proceeds from issue of new shares	29	**–**	760,788
Share issuance expenses	29	**–**	(16,164)
Contributions from non-controlling shareholders of subsidiaries	42(b)	**120,313**	143,406
Repayment of bank borrowings	42(b)	**(10,093,365)**	(8,670,577)
Repayment of borrowings from related parties	42(b)	**(950,000)**	(2,300,295)
Repayment of other borrowings	42(b)	**(2,053,540)**	(1,317,720)
Proceeds from a finance lease	42(b)	**–**	489,315
Payments for obligations under finance leases	42(b)	**(143,139)**	(27,334)
Dividend paid		**(595,195)**	(250,707)
Increase in pledged bank deposits		**(14,227)**	(35,000)
Net cash (used in)/generated from financing activities		**(702,614)**	4,235,419
Net (decrease)/increase in cash and cash equivalents		**(374,340)**	844,151
Cash and cash equivalents at 1 January		**2,016,418**	1,179,817
Exchange losses, net		**(710)**	(7,550)
Cash and cash equivalents at 31 December	28	**1,641,368**	2,016,418

The notes on pages 95 to 189 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

China Power International Development Limited (the "Company") was incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (together, the "Group") are principally engaged in investment holdings, the generation and sales of electricity, and the development of power plants in The People's Republic of China (the "PRC").

In 2013, the Group acquired the entire equity interests in Wuhu Electric Power Generating Company Limited (蕪湖發電有限責任公司) ("Wuhu Power Plant") from China Power International Holding Limited ("CPIH"), an intermediate holding company of the Company. Wuhu Power Plant and its subsidiaries (together, "Wuhu Group"), are principally engaged in the generation and sales of coal-fired electricity in Anhui Province in the PRC.

The directors of the Company (the "Directors") regard China Power Investment Corporation (中國電力投資集團公司) ("CPI Group"), a state-owned enterprise established in the PRC, as being the Company's parent company.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved for issue by the board of Directors (the "Board") on 19 March 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These consolidated financial statements have been prepared under the historical cost convention except that available-for-sale financial assets, and certain financial assets and financial liabilities (including derivative instruments) are measured at fair value, as appropriate.

As at 31 December 2013, the Group had net current liabilities of RMB10,100,537,000 (2012: RMB7,635,182,000). In preparing these financial statements, the Directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group has obtained adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As of 31 December 2013, the Group had banking facilities available amounting to approximately RMB13,644 million (2012: RMB10,348 million) and will refinance and/or restructure certain short-term loans into long-term loans or to consider alternative sources of financing, where applicable. Under these circumstances, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and therefore have prepared the financial statements on a going concern basis.

The preparation of financial statements in conformity with 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(a) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation, other than HKAS 36 (amendment) below, are mandatory for accounting periods beginning on or after 1 January 2013. The adoption of these new standards, amendments to standards and interpretation does not have any significant impact to the results and financial position of the Group.

HKFRS 1 (amendment)	Government Loans
HKFRS 7 (amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, 11 and 12 (amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 (amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 36 (amendment)	Recoverable Amount Disclosures for Non-financial Assets#
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
HKFRSs (amendment)	Annual Improvements 2009–2011 Cycle

The amendment is not mandatory for the Group until 1 January 2014, however, the Group has decided to early adopt the amendment as of 1 January 2013. The adoption of HKAS 36 (amendment) does not have any significant impact to the results and financial position of the Group.

(b) New standards, amendments to standards and interpretation not yet adopted by the Group

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

HKFRS 7 and 9 (amendment)	Mandatory Effective Date and Transition Disclosures (2)
HKFRS 9	Financial Instruments (2)
HKFRS 10, 12 and HKAS 27 (2011) (amendment)	Investment Entities (1)
HKFRS 14	Regulatory Deferral Accounts (4)
HKAS 19 (amendment)	Defined Benefit Plans: Employee Contributions (3)
HKAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities (1)
HK (IFRIC)-Int 21	Levies (1)
HKFRSs (amendment)	Annual Improvements 2010–2012 Cycle (3)
HKFRSs (amendment)	Annual Improvements 2011–2013 Cycle (3)

(1) Effective for the Group for annual period beginning on 1 January 2014
(2) Effective for the Group for annual period beginning on 1 January 2015
(3) Effective for the Group for annual period beginning on 1 July 2014
(4) Effective for the Group for annual period beginning on 1 January 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

(b) New standards, amendments to standards and interpretation not yet adopted by the Group *(Continued)*

The Group will apply the above new standards, amendments to standards and interpretations from 1 January 2014 or later periods and has already commenced an assessment of the related impact to the Group. The Group expects that there will be no material changes to the Group's significant accounting policies and presentation of the financial information on adoption of the above new standards, amendments to standards and interpretation.

2.2 Consolidation

(a) Subsidiaries

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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) 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. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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 2.8).

(ii) 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

(iii) 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.

(b) 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 dividends 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.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. 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 the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation *(Continued)*

(c) Associates *(Continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate 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 profits/(losses) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates 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 interests in associates are recognised in the income statement.

In the Company's statement of financial position, the interests in associates are stated at cost less provision for impairment (Note 2.9). The results of the associates are accounted for by the Company on the basis of dividends received and receivable.

(d) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2013. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations 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. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the interests in joint ventures are stated at cost less provision for impairment (Note 2.9). The results of the joint ventures are accounted for by the Company on the basis of dividends received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency translation

(a) 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 principal activities of the Group are mainly transacted in RMB and accordingly the consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance costs". All other foreign exchange gains and losses are presented in the income statement within "other gains, net".

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the "available-for-sale financial assets reserve" in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less accumulated depreciation and impairment losses. Cost includes purchase price of the asset, costs transferred from construction in progress and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

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. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Dam	30–50 years
Buildings	8–45 years
Leasehold improvements	Shorter of 5 years and over the lease term
Power generators and equipment	9–28 years
Electricity supply equipment	13–30 years
Furniture and fixture	3–5 years
Tools and other equipment	3–18 years
Motor vehicles	2–12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at 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 (Note 2.9). Such impairment losses are recognised in the income statement.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in the income statement.

2.5 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs of disposal.

2.6 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.4 above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses (if any). Cost mainly represents consideration paid for the rights to use the land on which various plants and buildings are situated for a period of 23 to 69 years from the date the respective right was granted. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights.

2.8 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group'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 of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation/depreciation and are at least tested annually for impairment. Assets 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 of disposal 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 (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of the Group's financial assets at initial recognition.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets *(Continued)*

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Group's loans and receivables include accounts and other receivables, deposits, loans and amounts due from related parties and bank deposits and balances in the consolidated statement of financial position.

(c) Available-for-sale financial assets

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

Investments are initially recognised at fair value plus transaction costs for all financial assets not classified as fair value through profit or loss. Financial assets classified as at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. However, if the range of reasonable fair value estimate is significant and the probabilities of the various estimate cannot be reasonably assessed, such financial assets are carried at cost less accumulated impairment losses.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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)

2.11 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gains or losses depends on whether the derivative is designated and qualified as a hedging instrument, and if so, the nature of the item being hedged. Since the derivative financial instruments entered into by the Group do not qualify for hedge accounting, changes in the fair value of any derivative instruments are recognised immediately in the income statement.

2.12 Impairment of financial assets

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.

The Group first assesses whether objective evidence of impairment exists. 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 asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

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, the reversal of the previously recognised impairment loss is recognised in the income statement.

For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is an evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.13 Inventories

Inventories comprise coal, oil, consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used, or capitalised to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.14 Accounts and other receivables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Pledged bank deposits are separately disclosed from cash and cash equivalents.

2.16 Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. Trade and other payables (including construction costs payable and amounts payable to group companies) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. An equity instrument is any contract that does not meet the definition of financial liability and evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Convertible bonds

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The liability component of a compound financial instrument is classified as current 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.

2.18 Borrowings and borrowing costs

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

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.

Borrowing costs directly attributable to the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Company and its subsidiaries, associates and joint ventures 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

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, 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 not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. 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 Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,250 per month as a mandatory contribution. Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers. The Group has no future payment obligation once the contributions have been paid.

For employees in Mainland China, the Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits *(Continued)*

(c) Share-based compensation expense

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted including any market performance conditions; excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets, forfeiture rate and remaining an employee of the entity over a specific time period), and including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of share options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specific vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of share options that are expected to vest based on the non-market vesting conditions and the forfeiture rate. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share options are exercised.

2.21 Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Government grants

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

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

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

2.23 Finance lease

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

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in short-term and long-term finance lease obligations. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.24 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made or received under operating leases (net of any incentives received from the lessor) are charged or credited to the income statement on a straight-line basis over the period of the lease.

2.25 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 certain senior management that make strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and discounts and after eliminating sales within the Group.

The Group recognises revenue and income when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(i) Sales of electricity are recognised when electricity is generated and transmitted.

(ii) Sales of electricity quotas are recognised when contracts are executed by the counterparties.

(iii) Sales of emission quotas are recognised when the registration of change of title has been completed.

(iv) Hotel revenues from room rentals, food and beverages sales, and other ancillary services are recognised upon the provision of the relevant goods and services.

(v) Management fee income and service fee income are recognised when services are rendered.

(vi) Dividend income is recognised when the Group's right to receive payments is established.

(vii) Clean development mechanism income is recognised when the counterparties have committed to purchase the carbon credits, the sales prices are agreed, and relevant electricity has been generated and transmitted.

(viii) Interest income is recognised on a time-proportion basis using the effective interest method.

(ix) Operating lease rental income is recognised on a straight-line basis over the lease periods.

(x) Profits on trading of coal, coal by-products and spare parts are recognised when the goods are delivered to the customers.

2.27 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 or Directors as appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, interest rate risks 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 use of financial derivatives to hedge certain risk exposures is governed by the Group's policies approved by the Board. The Group does not use derivative financial instruments for speculative purposes.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(Continued)*

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to Japanese Yen ("JPY"), Hong Kong dollars ("HK$") and United dollars ("US$").

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk. Other than certain of its bank borrowings, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB.

As at 31 December 2013, the Group was exposed to foreign exchange risk primarily with respect to certain of its bank borrowings which were denominated in JPY and US$, details of which have been disclosed in Note 31.

All derivative financial instruments used to manage foreign exchange exposures were terminated during the year, details of which have been disclosed in Note 37. The Group and the Company manage their foreign currency risk by closely monitoring the movement of the foreign currency rates.

RMB experienced certain appreciation against JPY and US$ during the year which is the major reason for the exchange differences recognised by the Group for the year. Further appreciation and depreciation of JPY and US$ against RMB will affect the Group's financial position and results of operations.

At 31 December 2013, if RMB had weakened/strengthened by 5% (2012: 5%) against JPY, with all other variables held constant, post-tax profit for the year would have been approximately RMB31,163,000 lower/higher (2012: RMB42,951,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of JPY-denominated borrowings.

At 31 December 2013, if RMB had weakened/strengthened by 5% (2012: 5%) against US$, with all other variables held constant, post-tax profit for the year would have been RMB3,781,000 lower/higher (2012: RMB4,558,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of US$-denominated borrowings and bank deposits. The convertible bonds as specified in Note 33(c) are not exposed to any exchange rate risk as the convertible bonds are, although settled in US$, denominated in RMB.

At 31 December 2013, if RMB had weakened/strengthened by 5% (2012: 5%) against HK$, with all other variables held constant, post-tax profit for the year would have been RMB817,000 lower/higher (2012: RMB5,387,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of HK$-denominated bank deposits.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(Continued)*

(b) Interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing assets mainly include loan to a fellow subsidiary, an amount due from an associate, and bank balances and deposits, details of which have been disclosed in Notes 24, 27, 28 and 40 respectively. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which have been disclosed in Notes 31 to 33. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings carried at fixed rates expose the Group to fair value interest rate risk, details of which have been disclosed in Notes 31, 32 and 33. The Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

At 31 December 2013, if the interest rates on bank and other borrowings had been 50 basis points (2012: 50 basis points) higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year would have been RMB165,756,000 lower/higher (2012: RMB119,346,000 lower/higher) mainly as a result of higher/lower interest expense on floating rate bank and other borrowings.

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as available-for-sale financial assets. Most of the Group's available-for-sale financial assets are publicly traded. However, the Group does not trade these investments as such investments are held for strategic rather than trading purpose. The stock market is relatively more volatile in recent years. At 31 December 2013, if the quoted market price of the equity investments held by the Group had increased/decreased by 10% to 30% (2012: 10% to 30%), with all other variables held constant, the results of the Group would have been unaffected as these investments are classified as available-for-sale and no investments had been considered impaired; and equity would have been RMB140,406,000 to RMB421,218,000 (2012: RMB140,103,000 to RMB420,310,000) higher/lower, mainly as a result of the changes in fair value of available-for-sale financial assets.

The Group also exposes to commodity price risk mainly in relation to the coal price. The Group manages such risk by entering into certain bulk purchase agreements with coal suppliers and continues to look for development of coal mine projects.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(Continued)*

(d) Credit risk

The Group's credit risk primarily arises from cash at bank and time deposits (Notes 28 and 40), accounts receivable (Note 26), amounts due from related companies (Note 27) and loan to a fellow subsidiary (Note 24), and deposits and other receivables.

Substantially all of the Group's cash at bank and term deposits are held in major financial institutions, which management believes are of high credit quality. Management does not expect any losses from non-performance by these counterparties.

The Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms ranging from 15 to 90 days to these power grid companies and the Group normally does not require collaterals from trade debtors. Ageing analysis of the Group's accounts receivable is disclosed in Note 26. Management does not expect any losses from non-performance by these counterparties.

In addition, the Group granted a loan to a fellow subsidiary for a term of 3 years (Note 24). As the loan is indemnified by CPIH, management considers that the credit risk is low.

Management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of loans and receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources, borrowings from holding companies and fellow subsidiaries, and short-term and long-term bank and other borrowings.

As at 31 December 2013, the net current liabilities of the Group amounted to RMB10,100,537,000 (2012: RMB7,635,182,000). Management monitors regularly the Group's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of banking facilities to meet its working capital requirements. The amount of banking facilities available at the end of reporting period are disclosed in Note 31(e) to the financial statements. The Directors believe that the Group's current operating cash flows and credit facilities from banks are sufficient for financing its capital commitments in the near future and for working capital purposes.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(Continued)*

(e) Liquidity risk *(Continued)*

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows.

	Group			
	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 3 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2013				
Payables and accruals	**5,217,319**	**–**	**–**	**–**
Amounts due to related parties	**437,441**	**–**	**–**	**–**
Bank borrowings	**10,675,406**	**5,664,212**	**13,877,859**	**21,939,658**
Borrowings from related parties	**1,537,912**	**1,494,873**	**2,793,976**	**18,642**
Other borrowings	**894,380**	**930,431**	**2,005,931**	**1,509,998**
Obligations under finance leases	**143,370**	**143,370**	**314,113**	**40,309**
At 31 December 2012				
Payables and accruals	3,674,496	–	–	–
Amounts due to related parties	151,799	–	–	–
Bank borrowings	8,958,375	5,253,171	14,277,872	17,206,538
Borrowings from related parties	828,680	910,460	1,767,331	1,564,055
Other borrowings	2,234,697	124,807	3,199,908	1,055,644
Obligations under finance leases	143,139	143,139	428,897	67,644

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors *(Continued)*

(e) Liquidity risk *(Continued)*

	Company		
	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 3 and 5 years RMB'000
At 31 December 2013			
Payables and accruals	**31,278**	**–**	**–**
Amounts due to:			
Related parties	**12,813**	**–**	**–**
Subsidiaries	**591,356**	**–**	**–**
Bank borrowings	**623,492**	**–**	**–**
Other borrowings	**72,000**	**871,369**	**1,868,525**
At 31 December 2012			
Payables and accruals	27,052	–	–
Amounts due to:			
Related parties	14,551	–	–
Subsidiaries	844,405	–	–
Bank borrowings	430,137	–	–
Other borrowings	79,045	79,045	3,062,621

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management *(Continued)*

The table below analyses the Group's capital structure as at 31 December 2013.

	2013 RMB'000	2012 RMB'000
Bank borrowings (Note 31)	35,574,375	34,910,402
Borrowings from related parties (Note 32)	5,222,911	4,325,911
Other borrowings (Note 33)	4,337,240	5,703,561
Less: Cash and cash equivalents (Note 28)	(1,641,368)	(2,016,418)
Net debt	43,493,158	42,923,456
Total equity	23,287,143	18,929,422
Total capital	66,780,301	61,852,878
Gearing ratio	65%	69%

3.3 Fair value estimation

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2013				
Assets				
Available-for-sale financial assets				
— equity securities	**1,872,081**	**–**	**–**	**1,872,081**
Derivative financial instruments	**–**	**–**	**–**	**–**
At 31 December 2012				
Assets				
Available-for-sale financial assets				
— equity securities	1,872,081	–	–	1,872,081
Derivative financial instruments	–	–	38,744	38,744

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. 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. Instruments included in level 1 comprise equity investments classified as trading securities or available-for-sale.

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation *(Continued)*

Specific valuation techniques used to value financial instruments include:

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

As at 31 December 2012, the derivative financial instruments represented net settled derivative financial instruments, with a contract period of 15 years, mainly to sell US$ for JPY with an aggregate notional principal amount of JPY2,601,520,000. The derivative financial instruments were terminated during the year ended 31 December 2013.

The following table presents the changes in these derivative financial instruments for the year.

	2013 **RMB'000**	2012 RMB'000
Opening balance — Assets/(liabilities)	**38,744**	(32,965)
Fair value gain recognised in the consolidated income statement (Note 7)	**–**	71,709
Loss on termination of derivative financial instruments recognised in the consolidated income statement (Note 7)	**(26,634)**	–
Proceeds from termination of derivative financial instruments	**(12,110)**	–
Closing balance — Assets	**–**	38,744
Total fair value gain included in the consolidated income statement for the year for derivative financial instruments held at the end of the reporting period	**–**	71,709

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements 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 the next financial year are discussed below.

(i) Useful lives, residual values and depreciation charge of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(ii) Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) 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 in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

During the year ended 31 December 2013, two (2012: two) power generators of a coal-fired power plant, which belong to "Coal-fired electricity" segment (Note 5), ceased operation and are stated at recoverable amounts determined based on estimated future net cash inflow from disposal of RMB271,628,000 (2012: RMB73,920,000). Management has made a provision for impairment of property, plant and equipment of RMB380,399,000 (2012: RMB71,796,000) and it was recognised in the consolidated income statement. Certain hydropower electricity transmission assets, which belong to "Hydropower electricity" segment (Note 5), were written down to their fair values less costs of disposal amounted to RMB667,347,000 and have been reclassified as assets held for sale (Note 39). A provision for impairment of RMB226,645,000 (2012: Not applicable ("N/A")) was recognised in the consolidated income statement.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Impairment of non-financial assets *(Continued)*

The Group has also performed impairment assessment on certain hydropower plants as at 31 December 2013 (2012: N/A). Changes of assumptions in annual growth rate for electricity tariff, discount rate and utilisation rate of power plant will affect the result of property, plant and equipment impairment assessment. Discount rate of 9% has been used for the purpose of impairment assessment. As at 31 December 2013, if the annual growth rate for electricity tariff had decreased by 5% from management's estimates with other variables held constant with the expectations, the carrying amounts of these hydropower plants might have to decrease by approximately RMB162,669,000. As at 31 December 2013, if the discount rate had increased by 0.5% from management's estimates with other variables held constant with the expectations, the carrying amounts of these hydropower plants might have to decrease by approximately RMB441,105,000. As at 31 December 2013, if the utilisation rate had decreased by 5% from management's estimates with other variables held constant with the expectations, the carrying amounts of these hydropower plants might have to decrease by approximately RMB350,552,000.

(iii) Current and deferred taxation

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed.

(iv) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

As at 31 December 2012, the derivative financial instruments represented certain net settled derivative financial instruments, with a contract period of 15 years, mainly to sell US$ for JPY with an aggregate notional principal amount of JPY2,601,520,000. The derivative financial instruments were terminated during the year ended 31 December 2013.

5 TURNOVER, REVENUE AND SEGMENT INFORMATION

Revenue, representing turnover, recognised during the year is as follows:

	2013 **RMB'000**	2012 RMB'000
Sales of electricity to provincial power grid companies (note (a))	**18,598,751**	17,331,093
Provision for power generation and related services (notes (b) and (c))	**227,977**	166,035
	18,826,728	17,497,128

Notes:

(a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electric power were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities.

(b) Provision for power generation and related services represents income from the provision of power generation and related services to other power plants and power grid companies which are calculated based on mutually agreed terms.

(c) Amount included power plant lease income of approximately RMB206,914,000 (2012: RMB103,457,000) from Heimifeng Power Plant for the year 2012 that was agreed with the provincial power grid company in February 2013.

Segment information

The chief operating decision maker has been identified as the executive Directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Currently, it is determined that the "Generation and sales of coal-fired electricity" and "Generation and sales of hydropower electricity" in the PRC are the reportable segments of the Group. The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from available-for-sale financial assets, if any. Other information provided to the CODM is measured in a manner consistent with that in the financial statements.

Segment assets exclude deferred income tax assets, available-for-sales financial assets, loan to a fellow subsidiary, derivative financial instruments and corporate assets, which are managed on a central basis.

Segment liabilities exclude taxation payable, deferred income tax liabilities and corporate liabilities, which are managed on a central basis.

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2013				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	14,864,007	3,734,744	18,598,751	–	18,598,751
Provision for power generation and related services	21,063	206,914	227,977	–	227,977
	14,885,070	3,941,658	18,826,728	–	18,826,728
Results of reportable segments	2,367,512	2,871,686	5,239,198	–	5,239,198
Unallocated income	–	–	–	137,038	137,038
Unallocated expenses	–	–	–	(194,671)	(194,671)
Operating profit	2,367,512	2,871,686	5,239,198	(57,633)	5,181,565
Finance income	4,323	21,964	26,287	38,193	64,480
Finance costs	(775,656)	(715,639)	(1,491,295)	(20,479)	(1,511,774)
Share of profits of associates	435,704	–	435,704	–	435,704
Share of profits/(losses) of joint ventures	75,133	–	75,133	(11,050)	64,083
Profit before taxation	2,107,016	2,178,011	4,285,027	(50,969)	4,234,058
Taxation	(407,731)	(546,548)	(954,279)	(4,387)	(958,666)
Profit for the year	1,699,285	1,631,463	3,330,748	(55,356)	3,275,392
Other segment information:					
Capital expenditure					
— Property, plant and equipment, prepayments for construction of power plants and land use rights	3,190,604	3,852,594	7,043,198	6,592	7,049,790
— Business combination	4,811,806	–	4,811,806	–	4,811,806
Depreciation on property, plant and equipment	1,344,973	850,185	2,195,158	13,635	2,208,793
Amortisation of land use rights	5,016	5,690	10,706	–	10,706
Loss/(gain) on disposal of property, plant and equipment and land use rights, net	29,291	(797,558)	(768,267)	–	(768,267)
Provision for impairment of other receivables	–	7,366	7,366	–	7,366
Provision for impairment of property, plant and equipment	380,399	226,645	607,044	–	607,044
Provision for impairment of inventories	52,022	–	52,022	–	52,022
Write-off of accounts receivable	–	17,570	17,570	–	17,570

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2013				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	33,405,156	35,228,418	68,633,574	–	68,633,574
Goodwill	67,712	767,453	835,165	–	835,165
Interests in associates	2,168,444	23,851	2,192,295	33,188	2,225,483
Interests in joint ventures	341,335	–	341,335	255,031	596,366
Assets held for sale	–	667,347	667,347	–	667,347
	35,982,647	36,687,069	72,669,716	288,219	72,957,935
Available-for-sale financial assets					2,026,793
Loan to a fellow subsidiary					200,000
Deferred income tax assets					88,746
Derivative financial instruments					–
Other unallocated assets					1,465,494
Total assets per consolidated statement of financial position					76,738,968
Segment liabilities					
Other segment liabilities	(4,383,403)	(2,166,148)	(6,549,551)	–	(6,549,551)
Borrowings	(19,389,006)	(25,058,520)	(44,447,526)	(687,000)	(45,134,526)
	(23,772,409)	(27,224,668)	(50,997,077)	(687,000)	(51,684,077)
Taxation payable					(536,153)
Deferred income tax liabilities					(1,102,506)
Other unallocated liabilities					(129,089)
Total liabilities per consolidated statement of financial position					(53,451,825)

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2012				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Revenue					
Sales of electricity	13,982,946	3,348,147	17,331,093	–	17,331,093
Provision for power generation and related services	62,578	103,457	166,035	–	166,035
	14,045,524	3,451,604	17,497,128	–	17,497,128
Results of reportable segments	1,787,889	1,858,691	3,646,580	–	3,646,580
Unallocated income	–	–	–	79,871	79,871
Unallocated expenses	–	–	–	(166,811)	(166,811)
Operating profit	1,787,889	1,858,691	3,646,580	(86,940)	3,559,640
Finance income	6,165	78,038	84,203	31,491	115,694
Finance costs	(776,805)	(864,118)	(1,640,923)	(46,106)	(1,687,029)
Share of profits of associates	146,144	–	146,144	–	146,144
Share of profits/(losses) of joint ventures	9,247	–	9,247	(15,021)	(5,774)
Profit before taxation	1,172,640	1,072,611	2,245,251	(116,576)	2,128,675
Taxation	(145,812)	(303,325)	(449,137)	1,738	(447,399)
Profit for the year	1,026,828	769,286	1,796,114	(114,838)	1,681,276
Other segment information:					
Capital expenditure					
— Property, plant and equipment, prepayments for construction of power plants and land use rights	3,453,804	4,422,065	7,875,869	13,381	7,889,250
— Business combination	–	135,166	135,166	–	135,166
Depreciation on property, plant and equipment	1,201,034	872,090	2,073,124	8,526	2,081,650
Amortisation of land use rights	3,088	5,905	8,993	–	8,993
(Gain)/loss on disposal of property, plant and equipment and land use rights, net	(751)	7	(744)	–	(744)
Provision for impairment of other receivables	–	12,330	12,330	–	12,330
Provision for impairment of property, plant and equipment	71,796	–	71,796	–	71,796
Provision for impairment of inventories	–	–	–	–	–
Write-off of accounts receivable	–	–	–	–	–

5 TURNOVER, REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2012				
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Reportable segments total RMB'000	Others RMB'000	Total RMB'000
Segment assets					
Other segment assets	26,342,991	36,006,976	62,349,967	–	62,349,967
Goodwill	–	767,453	767,453	–	767,453
Interests in associates	1,472,371	23,851	1,496,222	33,188	1,529,410
Interests in joint ventures	275,834	–	275,834	277,343	553,177
Assets held for sale	–	–	–	–	–
	28,091,196	36,798,280	64,889,476	310,531	65,200,007
Available-for-sale financial assets					2,026,793
Loan to a fellow subsidiary					300,000
Deferred income tax assets					73,965
Derivative financial instruments					38,744
Other unallocated assets					2,269,889
Total assets per consolidated statement of financial position					69,909,398
Segment liabilities					
Other segment liabilities	(3,277,365)	(1,629,205)	(4,906,570)	–	(4,906,570)
Borrowings	(16,733,093)	(27,702,003)	(44,435,096)	(504,778)	(44,939,874)
	(20,010,458)	(29,331,208)	(49,341,666)	(504,778)	(49,846,444)
Taxation payable					(249,192)
Deferred income tax liabilities					(824,201)
Other unallocated liabilities					(60,139)
Total liabilities per consolidated statement of financial position					(50,979,976)

All revenues from external customers are generated from the PRC. Except that certain cash and bank balances equivalent to approximately RMB186 million were deposited in certain banks in Hong Kong at 31 December 2013 (2012: approximately RMB1,238 million), substantially all of the Group's assets, liabilities and capital expenditure are located or utilised in the PRC.

The Group's major customers are regional and provincial power grid companies. During the year ended 31 December 2013, the Group's external revenue amounting to approximately RMB17,633 million (2012: RMB14,916 million) is generated from 6 (2012: 5) major customers, each of which account for 10% or more of the Group's external revenue.

6 OTHER INCOME

	2013 RMB'000	2012 RMB'000
Rental income	**68,261**	65,667
Clean development mechanism income	**7,868**	–
Hotel operations income	**38,008**	45,228
Income from the provision of repairs and maintenance services	**21,953**	34,832
Dividend income (Note 44(a)(v))	**60,520**	25,513
Management fee income	**31,535**	8,227
	228,145	179,467

7 OTHER GAINS, NET

	2013 RMB'000	2012 RMB'000
Gain on disposal of electricity quota	**326,310**	141,450
Gain on disposal of emission quota	**23,292**	85,746
Gain on disposal of property, plant and equipment and land use rights, net (note)	**768,267**	744
Gain on disposal of a joint venture	**8,326**	–
Fair value gain on derivative financial instruments (Note 37)	**–**	71,709
Government subsidy	**9,392**	23,399
Amortisation of deferred income	**26,941**	13,201
Loss on termination of derivative financial instruments (Note 37)	**(26,634)**	–
Provision for impairment of property, plant and equipment (Note 16)	**(607,044)**	(71,796)
Profits on trading of coal, coal by-products and spare parts	**15,636**	–
Others	**(4,418)**	7,280
	540,068	271,733

Note: In July 2013, the Group entered into an agreement with State Grid Xinyuan Company Limited and Hunan Heimifeng Pumped Storage Power Company Ltd. (collectively, the "Purchaser") pursuant to which the Group agreed to sell and the Purchaser agreed to purchase assets of RMB2,771,197,000 and assume liabilities of RMB2,437,922,000 of Heimifeng Power Plant at a consideration of approximately RMB1,104,878,000. The disposal was completed in August 2013. As a result of the disposal, the Group recognised a gain on disposal of Heimifeng Power Plant of RMB771,603,000.

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	2013 RMB'000	2012 RMB'000
Amortisation of land use rights (Note 18)	**10,706**	8,993
Auditor's remuneration	**7,827**	6,843
Depreciation of property, plant and equipment (Note 16)		
— owned property, plant and equipment	**2,165,811**	2,038,668
— property, plant and equipment under finance leases	**42,982**	42,982
Operating lease rentals in respect of		
— equipment	**6,936**	2,214
— leasehold land and buildings	**41,853**	36,970
Provision for impairment of other receivables	**7,366**	12,330
Write-off of accounts receivable	**17,570**	–
Provision for impairment of inventories (Note 25)	**52,022**	–
Reservoir maintenance and usage fees	**100,243**	95,391
Staff costs including Directors' emoluments (Note 11)	**1,238,237**	983,603
Write-off of pre-operating expenses	**55,188**	60,962

9 FINANCE INCOME AND COSTS

	2013 RMB'000	2012 RMB'000
Finance income		
Interest income from bank deposits	23,765	35,997
Interest income from an associate (Note 44(a)(ii))	24,178	11,608
Interest income from a fellow subsidiary (Note 44(a)(i))	16,537	68,089
	64,480	115,694
Finance costs		
Interest expense on		
— bank borrowings wholly repayable within five years	262,878	386,155
— bank borrowings not wholly repayable within five years	1,729,494	1,793,053
— long-term borrowings from related parties wholly repayable within five years	184,900	103,143
— long-term borrowings from related parties not wholly repayable within five years	743	74,800
— short-term borrowings from related parties	33,134	67,724
— long-term other borrowings wholly repayable within five years	132,652	116,344
— long-term other borrowings not wholly repayable within five years	46,256	46,767
— short-term other borrowings	82,111	57,895
— obligations under finance leases	38,892	12,678
	2,511,060	2,658,559
Less: Amounts capitalised	(757,969)	(870,556)
	1,753,091	1,788,003
Net foreign exchange gains	(241,317)	(100,974)
	1,511,774	1,687,029

The weighted average interest rate on capitalised borrowings is approximately 6.10% (2012: 6.33%) per annum.

10 TAXATION

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profit in Hong Kong for the year (2012: Nil).

The provision for PRC current income tax is calculated based on the statutory tax rate of 25% (2012: 25%) on the estimated assessable income for the year except as disclosed below.

10 TAXATION (CONTINUED)

The amount of taxation charged to the consolidated income statement represents:

	2013 **RMB'000**	2012 RMB'000
PRC current income tax	**853,848**	386,828
Deferred income tax (Note 38)	**104,818**	60,571
	958,666	447,399

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the PRC as follows:

	2013 **RMB'000**	2012 RMB'000
Profit before taxation	**4,234,058**	2,128,675
Less: Share of profits of associates	**(435,704)**	(146,144)
Share of (profits)/losses of joint ventures	**(64,083)**	5,774
	3,734,271	1,988,305
Calculated at the PRC statutory tax rate of 25% (2012: 25%)	**933,568**	497,076
Effect of tax concession	**(78,018)**	(70,182)
Income not subject to taxation	**(21,711)**	(23,603)
Expenses not deductible for taxation purposes	**27,606**	31,421
Tax losses for which no deferred income tax asset was recognised	**82,982**	54,729
Utilisation of tax losses previously not recognised	**(3,769)**	(28,642)
Recognition of tax losses previously unrecognised	**–**	(21,402)
Other temporary differences not recognised	**18,008**	8,002
Taxation charge	**958,666**	447,399

Share of taxation charge attributable to associates and joint ventures for the year ended 31 December 2013 of RMB146,590,000 (2012: taxation charge of RMB31,542,000) and RMB21,634,000 (2012: taxation credit of RMB8,560,000), respectively, are included in the Group's share of results of associates/joint ventures for the year.

Certain subsidiaries of the Group, which started operations in the years 2007 and 2008, are entitled to a two-year exemption from income tax starting from the first profit-making year followed by a 50% reduction in income tax rate in the ensuing three years. These companies completed their tax holiday in 2012 and are subject to a tax rate of 25% for the year 2013 (2012: 12.5%). A subsidiary of the Group, which started operations in 2011, is currently enjoying a two-year exemption and subsequent three-year 50% reduction (i.e. 7.5%) in income tax rate until 2016. It is also entitled to the preferential income tax rate of 15% until 2020.

11 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2013 RMB'000	2012 RMB'000
Wages, salaries and bonuses	841,058	668,513
Staff welfare	257,492	206,399
Share-based compensation expense	–	318
Pension costs — defined contribution plans	139,687	108,373
	1,238,237	983,603

12 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB853,532,000 (2012: RMB229,707,000).

13 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 shares in issue during the year.

	2013	2012
Profit attributable to owners of the Company (RMB'000)	2,289,888	1,181,125
Weighted average number of shares in issue (shares in thousands)	5,735,717	5,258,443
Basic earnings per share (RMB)	0.40	0.22

13 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares arising from the Company's share options and convertible bonds. For the year ended 31 December 2013, the Company has share options and convertible bonds (2012: convertible bonds) that have dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. 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	2012
Profit attributable to owners of the Company (RMB'000)	2,289,888	1,181,125
Adjustment for finance costs on convertible bonds (after tax) (RMB'000)	73,700	50,018
Profit used to determine diluted earnings per share (RMB'000)	2,363,588	1,231,143
Weighted average number of shares in issue (shares in thousands)	5,735,717	5,258,443
Adjustment for convertible bonds (shares in thousands)	1,000,681	681,973
Adjustment for share options (shares in thousands)	4,729	–
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	6,741,127	5,940,416
Diluted earnings per share (RMB)	0.35	0.21

14 DIVIDENDS

	2013 RMB'000	2012 RMB'000
Final, proposed, of RMB0.16 (2012: RMB0.09) per ordinary share	1,030,240	504,587

The 2012 final dividend paid during the year ended 31 December 2013 was RMB510,920,000. At a meeting held on 19 March 2014, the Directors recommended the payment of a final dividend for the year ended 31 December 2013 of RMB0.16 (equivalent to HK$0.2025) per ordinary share (2012: RMB0.09 (equivalent to HK$0.1113)), totalling RMB1,030,240,000 (equivalent to HK$1,303,897,000) (2012: RMB504,587,000 (equivalent to HK$624,006,000)), which is based on 6,438,999,357 shares (2012: 5,606,524,604 shares) in issue on 19 March 2014 (2012: 20 March 2013). This proposed dividend is not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

15 EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION

(a) Directors' emoluments

The remuneration of each of the Directors for the year ended 31 December 2013 is set out below:

Name of Director	Fees RMB'000	Basic salary, housing allowance, other allowances and benefits in kind RMB'000	Share-based compensation expense# RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension scheme RMB'000	Total RMB'000
Executive Directors						
Ms. Li Xiaolin[(2)]	–	641	–	460	76	1,177
Mr. Gu Dake	–	603	–	277	71	951
Non-executive Directors						
Mr. Guan Qihong[(1)]	–	–	–	–	–	–
Mr. Wang Zichao	–	297	–	202	69	568
Independent non-executive Directors						
Mr. Kwong Che Keung, Gordon	160	144	–	–	–	304
Mr. Li Fang	160	144	–	–	–	304
Mr. Tsui Yiu Wa, Alec	160	144	–	–	–	304
	480	1,973	–	939	216	3,608

1 During the year ended 31 December 2013, Mr. Guan Qihong waived his Director fees of RMB99,000.

2 Ms. Li Xiaolin is also the chief executive officer of the Company. Her discretionary bonuses received in 2013 included the back pay performance bonus of RMB360,000 for the years 2010 to 2012. Her remuneration for the year 2013 was RMB817,000.

During the year ended 31 December 2013, no share options have been exercised by the Directors.

15 EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(a) Directors' emoluments *(Continued)*

The remuneration of each of the Directors for the year ended 31 December 2012 is set out below:

Name of Director	Fees RMB'000	Basic salary, housing allowance, other allowances and benefits in kind RMB'000	Share-based compensation expense# RMB'000	Discretionary bonuses RMB'000	Employer's contribution to pension scheme RMB'000	Total RMB'000
Executive Directors						
Ms. Li Xiaolin[(4)]	–	654	12	134	52	852
Mr. Gu Dake	–	604	10	100	46	760
Non-executive Directors						
Mr. Guan Qihong[(1)]	–	–	6	–	–	6
Mr. Wang Zichao[(1)(2)]	–	276	10	173	27	486
Mr. Gu Zhengxing[(1)(3)]	–	–	–	–	–	–
Independent non-executive Directors						
Mr. Kwong Che Keung, Gordon	162	81	–	–	–	243
Mr. Li Fang	162	81	–	–	–	243
Mr. Tsui Yiu Wa, Alec	162	73	–	–	–	235
	486	1,769	38	407	125	2,825

1 During the year ended 31 December 2012, Mr. Guan Qihong, Mr. Wang Zichao and Mr. Gu Zhengxing waived their Director fees of RMB195,000 in total.

2 Mr. Wang Zichao was appointed on 28 June 2012.

3 Mr. Gu Zhengxing resigned on 28 June 2012.

4 Ms. Li Xiaolin is also the chief executive officer of the Company.

Share-based compensation is determined based on the fair value of the share options granted to the relevant Directors at the date of grant and recognised over the vesting periods. During the year ended 31 December 2012, no share options have been exercised by the Directors.

15 EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 2 (2012: 2) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 3 (2012: 3) individuals during the year are as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries, housing allowance, other allowances, share options and benefits in kind	1,548	1,560
Discretionary bonuses	675	519
	2,223	2,079

Their emoluments fell within the following bands:

	Number of individuals 2013	2012
Zero to HK$1,000,000 (equivalent to RMB795,805 (2012: RMB813,630))	3	3

During the year, no emoluments have been paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

(c) Senior management remuneration by band

Senior management is defined as the same persons whose biographical details are disclosed. Their emoluments fell within the following bands:

	Number of individuals 2013	2012
Zero to HK$1,000,000 (equivalent to RMB795,805 (2012: RMB813,630))	7	7

16 PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixture, tools and other equipment RMB'000	Motor Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2013	7,459,544	16,739,379	21,454,713	5,549,451	2,202,306	298,645	16,205,778	69,909,816
Acquisition of a subsidiary (Note 41(a))	–	1,105,090	3,087,102	213,316	31,873	10,321	112,860	4,560,562
Additions	–	4,058	21,748	2,373	39,590	21,890	5,714,339	5,803,998
Disposals	(537,537)	(1,471,549)	(1,829,083)	(34,980)	(30,935)	(22,573)	(16)	(3,926,673)
Transfer from prepayments (Note 17)	–	–	–	–	–	–	1,718,017	1,718,017
Transfer between categories	4,674,046	1,621,185	4,756,348	493,061	687,617	9,832	(12,242,089)	–
Reclassification to assets held for sale (Note 39)	–	–	(789,882)	(239,448)	–	–	–	(1,029,330)
At 31 December 2013	11,596,053	17,998,163	26,700,946	5,983,773	2,930,451	318,115	11,508,889	77,036,390
Accumulated depreciation and impairment losses								
At 1 January 2013	636,804	3,230,811	7,457,775	1,822,346	705,262	113,856	–	13,966,854
Depreciation charge for the year	329,126	523,936	872,753	247,615	202,610	32,753	–	2,208,793
Impairment charge for the year (Notes 4(ii) and 7)	–	308,503	195,612	97,219	5,710	–	–	607,044
Disposals	(47,625)	(284,378)	(604,615)	(24,262)	(21,478)	(19,994)	–	(1,002,352)
Reclassification to assets held for sale (Note 39)	–	–	(230,118)	(131,865)	–	–	–	(361,983)
At 31 December 2013	918,305	3,778,872	7,691,407	2,011,053	892,104	126,615	–	15,418,356
Net book value								
At 31 December 2013	10,677,748	14,219,291	19,009,539	3,972,720	2,038,347	191,500	11,508,889	61,618,034

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group *(Continued)*

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixture, tools and other equipment RMB'000	Motor Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2012	7,413,936	16,055,370	20,508,561	5,282,396	1,371,972	254,064	10,316,686	61,202,985
Acquisition of a subsidiary (Note 41(b))	45,608	41,392	30,048	4,833	13,169	116	–	135,166
Additions	–	39,298	2,149	949	35,079	25,247	6,655,019	6,757,741
Disposals	–	(1,239)	(11)	(1,346)	(22,065)	(21,673)	–	(46,334)
Transfer from prepayments (Note 17)	–	–	–	–	–	–	1,860,258	1,860,258
Transfer between categories	–	604,558	913,966	262,619	804,151	40,891	(2,626,185)	–
At 31 December 2012	7,459,544	16,739,379	21,454,713	5,549,451	2,202,306	298,645	16,205,778	69,909,816
Accumulated depreciation and impairment losses								
At 1 January 2012	437,869	2,701,502	6,583,760	1,511,481	517,237	100,406	–	11,852,255
Depreciation charge for the year	198,935	530,456	802,230	312,139	209,316	28,574	–	2,081,650
Impairment charge for the year (Notes 4(ii) and 7)	–	–	71,796	–	–	–	–	71,796
Disposals	–	(1,147)	(11)	(1,274)	(21,291)	(15,124)	–	(38,847)
At 31 December 2012	636,804	3,230,811	7,457,775	1,822,346	705,262	113,856	–	13,966,854
Net book value								
At 31 December 2012	6,822,740	13,508,568	13,996,938	3,727,105	1,497,044	184,789	16,205,778	55,942,962

Notes:

(i) As at 31 December 2013, certain of the Group's property, plant and equipment with carrying amounts of approximately RMB4,486 million (2012: RMB7,092 million) were situated on leasehold land in the PRC leased from CPI Group which held the rights on the leasehold land under long-term leases. The remaining period of the Group's rights on leasehold land as at 31 December 2013 is ranging from 6 to 12 years (2012: 7 to 13 years).

(ii) As at 31 December 2013, the legal title of certain of the Group's properties with carrying amounts of approximately RMB3,279 million (2012: RMB2,878 million) had not been transferred to the Group subject to certain administrative procedures to be completed by the relevant local government authorities. However, the Directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

In addition, certain of the Group's property, plant and equipment are situated on leasehold land in the PRC which was granted for the use by the relevant government authorities to the relevant entities in the Group at nil consideration with no specific terms of usage.

(iii) As at 31 December 2013, the cost and accumulated depreciation of power generators and equipment held by the Group under finance leases amounted to RMB756,989,000 (2012: RMB756,989,000) and RMB153,814,000 (2012: RMB110,832,000) respectively.

(iv) As at 31 December 2013, certain property, plant and equipment of the Group with carrying amounts of approximately RMB662 million (2012: RMB535 million) were pledged as security for certain long-term bank borrowings of the Group (Note 31(d)).

(v) As at 31 December 2013, the accumulated impairment losses of property, plant and equipment amounted to RMB380,399,000 (2012: RMB317,715,000).

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Company

	Leasehold improvements RMB'000	Office and other equipment RMB'000	Furniture and fixture RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2013	**7,552**	**11,365**	**482**	**2,917**	**22,316**
Additions	**–**	**1,188**	**295**	**–**	**1,483**
At 31 December 2013	**7,552**	**12,553**	**777**	**2,917**	**23,799**
Accumulated depreciation					
At 1 January 2013	**7,240**	**3,113**	**443**	**2,557**	**13,353**
Depreciation charge for the year	**170**	**2,156**	**96**	**111**	**2,533**
At 31 December 2013	**7,410**	**5,269**	**539**	**2,668**	**15,886**
Net book value					
At 31 December 2013	**142**	**7,284**	**238**	**249**	**7,913**
Cost					
At 1 January 2012	7,552	1,856	482	2,917	12,807
Additions	–	9,509	–	–	9,509
At 31 December 2012	7,552	11,365	482	2,917	22,316
Accumulated depreciation					
At 1 January 2012	6,863	1,316	443	2,415	11,037
Depreciation charge for the year	377	1,797	–	142	2,316
At 31 December 2012	7,240	3,113	443	2,557	13,353
Net book value					
At 31 December 2012	312	8,252	39	360	8,963

17 PREPAYMENTS FOR CONSTRUCTION OF POWER PLANTS

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Group's power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation.

	Group	
	2013	2012
	RMB'000	RMB'000
Cost		
At 1 January	**1,655,650**	2,385,556
Additions	**1,214,717**	1,130,352
Transfer to property, plant and equipment (Note 16)	**(1,718,017)**	(1,860,258)
At 31 December	**1,152,350**	1,655,650

18 LAND USE RIGHTS

	Group	
	2013	2012
	RMB'000	RMB'000
Cost		
At 1 January	**480,306**	479,149
Additions	**31,075**	1,157
Acquisition of a subsidiary (Note 41(a))	**251,244**	–
Disposals	**(10,956)**	–
At 31 December	**751,669**	480,306
Accumulated amortisation		
At 1 January	**30,378**	21,385
Amortisation charge for the year	**10,706**	8,993
Disposals	**(1,461)**	–
At 31 December	**39,623**	30,378
Net book amount		
At 31 December	**712,046**	449,928

The amount represents cost of the land use rights in respect of land located in the PRC where certain of the Group's property, plant and equipment are built on. As at 31 December 2013, substantially all of the land use rights are held on leases of between 10 to 50 years (2012: 10 to 50 years).

19 GOODWILL

	Group	
	2013	2012
	RMB'000	RMB'000
Cost		
At 1 January	**934,392**	934,304
Acquisition of subsidiaries (Note 41)	**67,712**	88
At 31 December	**1,002,104**	934,392
Accumulated impairment losses		
At 1 January and 31 December	**166,939**	166,939
Net book amount		
At 31 December	**835,165**	767,453

Goodwill is allocated to the Group's CGUs identified according to operating segments. The accumulated impairment losses relate to coal-fired electricity segment.

A segment-level summary of the goodwill allocation at cost before impairment is presented below.

	Coal-fired electricity RMB'000	**Hydropower electricity RMB'000**	**Total RMB'000**
As at 31 December 2013	**234,651**	**767,453**	**1,002,104**
As at 31 December 2012	166,939	767,453	934,392

For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment reviews covering a five-year period. Cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then existing production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budget. Management prepared the financial budgets taking into account actual and prior year performance and market development expectations. The pre-tax discount rate used for value-in-use calculations for goodwill is 9% (2012: 9%). Management estimates the discount rate using pre-tax rates that reflect market assessments of the time value of money and the specific risks relating to the cash-generating units. Other key assumptions applied in the impairment tests include the expected tariff rates, fuel costs, and demand of electricity in the region where the power plants are located, where applicable.

20 INVESTMENTS IN SUBSIDIARIES

	Company 2013 RMB'000	Company 2012 RMB'000
Unlisted investments, at cost	**11,396,858**	9,345,922
Provision for impairment	**(610,444)**	(610,444)
	10,786,414	8,735,478
Amounts due from subsidiaries (note (a))	**2,300,133**	2,035,605
Amounts due to subsidiaries (note (b))	**589,205**	841,460

Notes:

(a) Except for an aggregate amount due from subsidiaries of RMB2,210,000,000 (2012: RMB2,010,000,000) which carries interest at rates ranging from 5.40% to 6.56% (2012: 6.00% to 6.56%) per annum and repayable within the next twelve months, amounts due from subsidiaries are unsecured, interest free and repayable on demand.

(b) The amounts due to subsidiaries are unsecured, repayable on demand, and carry interest at 0.36% (2012: 0.35%) per annum.

(c) The fair values of balances with subsidiaries approximate their carrying amounts as the impact of discounting is not significant.

The following is a list of the principal subsidiaries at 31 December 2013:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Type of legal entity	Principal activities
Interests held directly:						
安徽淮南平圩發電有限責任公司 (Anhui Huainan Pingwei Electric Power Company Limited)	The PRC	RMB841,600,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
淮南平圩第二發電有限責任公司 (Huainan Pingwei No. 2 Electric Power Co., Ltd.)	The PRC	US$104,153,000	75%	–	Sino-foreign equity joint venture	Generation and sale of electricity
#淮南平圩第三發電有限責任公司 (Huainan Pingwei No. 3 Electric Power Co., Ltd.)	The PRC	US$60,000,000/ US$55,610,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
黃岡大別山發電有限責任公司 (Huanggang Dabieshan Power Company Limited)	The PRC	RMB815,526,000/ RMB815,526,000	51%	–	Sino-foreign equity joint venture	Generation and sale of electricity

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Type of legal entity	Principal activities
Interests held directly:						
^平頂山姚孟第二發電有限公司 (Pingdingshan Yaomeng No. 2 Power Company Limited)	The PRC	US$120,000,000/ US$109,159,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
天澤發展有限公司 (Tianze Development Limited)	British Virgin Islands	US$1	100%	–	Limited liability company	Investment holding
五凌電力有限公司 ("五凌") (Wu Ling Power Corporation ("Wuling"))	The PRC	RMB4,242,000,000	63%	–	Sino-foreign equity joint venture	Generation and sale of electricity
四川中電福溪電力開發有限公司 (Sichuan CPI Fuxi Power Company Limited)	The PRC	RMB968,000,000/ RMB933,652,950	51%	–	Sino-foreign equity joint venture	Generation and sale of electricity
中電恒源物流(北京)有限公司 (CP Hengyuan Logistics (Beijing) Company Limited)	The PRC	RMB5,000,000/ RMB4,700,000	100%	–	Wholly foreign-owned enterprise	Provision of management services
中電國瑞物流有限公司 (China Power Guorui Logistics Company Limited)	The PRC	HK$60,000,000/ HK$60,000,000	100%	–	Wholly foreign-owned enterprise	Provision of logistics services
北京中電匯智科技有限公司 (Beijing China Power Huizhi Technology Company Limited)	The PRC	RMB20,000,000/ RMB20,000,000	51%	–	Sino-foreign equity joint venture	Provision of IT services
中電神頭發電有限責任公司 (China Power Shentou Power Company Limited)	The PRC	RMB1,000,000,000/ RMB900,308,740	80%	–	Sino-foreign equity joint venture	Generation and sale of electricity
*蕪湖發電有限責任公司 (Wuhu Electric Power Generating Company Limited)	The PRC	US$142,500,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
@中電(普安)發電有限責任公司 (CP Pu'an Power Generating Company Limited)	The PRC	RMB150,000,000/ RMB60,211,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Type of legal entity	Principal activities
Interests held indirectly:						
山西神頭發電有限責任公司 (Shanxi Shentou Power Generating Company Limited)	The PRC	RMB501,681,000	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
蕪湖兆達開發有限公司 (Wuhu Shaoda Power Development Company Limited)	The PRC	RMB250,200,000	–	100%	Wholly foreign-owned enterprise	Generation and sale of electricity
貴州清水江水電有限公司 (Guizhou Qingshuijiang Hydropower Co., Ltd.)	The PRC	RMB3,285,500,000	–	95%	Sino-foreign equity joint venture	Generation and sale of electricity
懷化沅江電力開發有限公司 (Huaihua Yuanjiang Power Development Co., Ltd.)	The PRC	RMB975,000,000	–	95%	Sino-foreign equity joint venture	Generation and sale of electricity
湖南五華酒店有限公司 (Hunan Wuhua Hotel Co., Ltd.)	The PRC	RMB162,100,000	–	70%	Sino-foreign equity joint venture	Hotel ownership and operation
湖南五凌電力工程公司 (Hunan Wuling Engineering Co., Ltd.)	The PRC	RMB48,000,000	–	100%	Sino-foreign equity joint venture	Provision of repair and maintenance services
湖南五凌力源經濟發展有限公司 (Hunan Wuling Liyuan Economic Development Co., Ltd.)	The PRC	RMB49,795,000	–	100%	Sino-foreign equity joint venture	Provision of repair and maintenance services
湖南湘中電力有限公司 (Hunan Xiangzhong Power Co., Ltd.)	The PRC	RMB50,000,000	–	95%	Sino-foreign equity joint venture	Generation and sale of electricity
湖南中水投資有限公司 (Hunan Zhongshui Investment Co., Ltd.)	The PRC	RMB67,000,000	–	100%	Limited liability company	Generation and sale of electricity
理縣華成水電開發有限責任公司 (Lixian Huacheng Hydropower Development Company Limited)	The PRC	RMB122,818,000	–	100%	Limited liability company	Generation and sale of electricity
四川九源電力開發有限責任公司 (Sichuan Jiuyuan Electric Power Development Company Limited)	The PRC	RMB30,000,000	–	100%	Limited liability company	Generation and sale of electricity
張家界土木溪水電開發有限公司 (Zhangjiajie Tumuxi Hydropower Development Company Limited)	The PRC	RMB42,000,000	–	100%	Limited liability company	Generation and sale of electricity

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by a subsidiary	Type of legal entity	Principal activities
Interests held indirectly:						
四川紅葉電力有限責任公司 (Sichuan Hongye Electric Power Company Limited)	The PRC	RMB50,000,000	–	91%	Limited liability company	Generation and sale of electricity
理縣紅葉水電開發有限責任公司 (Lixian Hongye Hydropower Development Company Limited)	The PRC	RMB12,000,000	–	100%	Limited liability company	Generation and sale of electricity
四川興鐵電氣設備有限公司 (Sichuan Xingtie Electrical Equipment Company Limited)	The PRC	RMB46,000,000	–	70%	Limited liability company	Generation and sale of electricity
五凌電力燃料有限公司 (Wuling Power Fuel Company Limited)	The PRC	RMB110,000,000	–	100%	Limited liability company	Provision of fuel purchase services
小金縣鑫鴻電力開發有限公司 (Xiaojinxian Xinhong Electric Power Development Company Limited)	The PRC	RMB46,000,000	–	100%	Limited liability company	Generation and sale of electricity
茶陵縣聯冠水電開發有限公司 (Chalingxian Lianguan Hydropower Development Company Limited)	The PRC	RMB25,080,000	–	100%	Limited liability company	Generation and sale of electricity
五凌托克遜電力有限公司 (Wuling Toksun Electric Power Co., Ltd.)	The PRC	RMB70,000,000	–	100%	Limited liability company	Generation and sale of electricity
五凌布爾津電力有限公司 (Wuling Burqin Electric Power Co., Ltd.)	The PRC	RMB70,000,000/ RMB15,000,000	–	100%	Limited liability company	Generation and sale of electricity
新龍縣西達水電開發有限公司 (Xinlongxian Xida Hydropower Development Co., Ltd.)	The PRC	RMB20,000,000	–	65%	Limited liability company	Generation and sale of electricity
@五凌鄯善電力有限公司 (Wuling Shanshan Electric Power Co., Ltd.)	The PRC	RMB70,000,000	–	100%	Limited liability company	Generation and sale of electricity

The power plant is under development.
^ Merged with Pingdingshan Yaomeng Electric Power Company Limited during the year.
* This subsidiary was acquired during the year.
@ This subsidiary was newly set up during the year.

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Material non-controlling interests

The total non-controlling interests as at 31 December 2013 are RMB4,865,487,000 (2012: RMB3,987,178,000), of which RMB3,239,036,000 (2012: RMB2,605,878,000) is for Wuling and its subsidiaries (collectively, the "Wuling Group"). The total comprehensive income attributable to non-controlling interests for the year ended 31 December 2013 is RMB985,504,000 (2012: RMB500,151,000), of which RMB633,157,000 (2012: RMB289,658,000) is for Wuling Group. The non-controlling interests in respect of the rest of entities with non-controlling interests were individually not material.

Set out below are the summarised financial information for Wuling Group. Refer to Note 44 for transactions and balances with non-controlling interests.

Summarised statement of financial position

	Wuling Group	
	2013	2012
	RMB'000	RMB'000
Current assets	**1,649,876**	1,074,126
Current liabilities	**(6,623,754)**	(7,012,349)
Net current liabilities	**(4,973,878)**	(5,938,223)
Non-current assets	**35,745,882**	36,477,461
Non-current liabilities	**(21,866,927)**	(23,351,243)
Net non-current assets	**13,878,955**	13,126,218
Net assets	**8,905,077**	7,187,995
Non-controlling interests within Wuling Group	**(150,927)**	(145,081)
Net assets attributable to owners of Wuling Group	**8,754,150**	7,042,914
Non-controlling interests (at 37%)	**3,239,036**	2,605,878

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

Summarised income statement and statement of comprehensive income

	Wuling Group	
	2013	2012
	RMB'000	RMB'000
Revenue	**3,941,658**	3,451,604
Profit before income tax	**2,263,408**	1,093,479
Income tax expense	**(546,326)**	(304,265)
Profit and total comprehensive income for the year	**1,717,082**	789,214
Total comprehensive income for the year attributable to non-controlling interests within Wuling Group	**(5,846)**	(6,354)
Total comprehensive income for the year attributable to owners of Wuling Group	**1,711,236**	782,860
Total comprehensive income allocated to non-controlling interests (at 37%)	**633,157**	289,658

Summarised cash flows

	Wuling Group	
	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	**3,972,790**	2,791,967
Interest paid	**(1,483,967)**	(1,683,150)
Income tax paid	**(1,115,661)**	(829,470)
Net cash generated from operating activities	**1,373,162**	279,347
Net cash used in investing activities	**(813,127)**	(2,364,996)
Net cash (used in)/generated from financing activities	**(435,328)**	1,998,011
Net increase/(decrease) in cash and cash equivalents	**124,707**	(87,638)
Cash and cash equivalents at the beginning of the year	**279,734**	367,372
Cash and cash equivalents at the end of the year	**404,441**	279,734

The financial information presented above is before inter-company eliminations.

21 INTERESTS IN ASSOCIATES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Unlisted investments, at cost	**1,635,458**	1,235,458	**985,687**	585,687
Share of undistributed post-acquisition reserves	**590,025**	293,952	**–**	–
	2,225,483	1,529,410	**985,687**	585,687

Interests in associates include goodwill of approximately RMB158,732,000 (2012: RMB158,732,000).

The following are the details of the associates as at 31 December 2013:

Name of companies	Place of establishment and operation	Paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Type of legal entity	Principal activities
Interest held directly:						
江蘇常熟發電有限公司 (Jiangsu Changshu Electric Power Generating Company Limited) ("Changshu Power Plant")	The PRC	RMB1,805,000,000	50%	–	Sino-foreign equity joint venture	Generation and sale of electricity
^貴州普安地瓜坡煤業有限公司 (Guizhou Pu'an Digua Coal Industry Co., Ltd)	The PRC	RMB94,500,000	35%	–	Sino-foreign equity joint venture	Coal management and consultancy service
Interest held indirectly:						
湖南華潤電力鯉魚江有限公司 (Hunan China Resources Power Liyujiang Company Limited)	The PRC	RMB573,660,000	–	40%	Sino-foreign equity joint venture	Generation and sale of electricity
#湖南核電有限公司 (Hunan Nuclear Power Company Limited)	The PRC	RMB172,600,000	–	20%	Sino-foreign equity joint venture	Generation and sale of electricity

^ The coal mine is under development.

The power plant is under development

21 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised unaudited financial information of material associate

Set out below are the summarised unaudited financial information for Changshu Power Plant, which, in the opinion of the Directors, is a material associate to the Group.

Summarised statement of financial position

	Changshu Power Plant	
	2013 RMB'000	2012 RMB'000
Current assets	1,613,092	946,392
Current liabilities	(5,620,002)	(5,634,797)
Net current liabilities	(4,006,910)	(4,688,405)
Non-current assets	9,739,211	8,296,995
Non-current liabilities	(2,578,448)	(1,697,725)
Net non-current assets	7,160,763	6,599,270
Net assets	3,153,853	1,910,865

Summarised income statement and statement of comprehensive income

	Changshu Power Plant	
	2013 RMB'000	2012 RMB'000
Revenue	4,789,431	2,700,551
Profit and total comprehensive income for the year	687,123	230,452
Dividend received from an associate	122,067	179,539

21 INTERESTS IN ASSOCIATES (CONTINUED)

Reconciliation of summarised unaudited financial information

Reconciliation of summarised unaudited financial information presented above to the carrying amount of interest in Changshu Power Plant is as follows:

	Changshu Power Plant	
	2013	2012
	RMB'000	RMB'000
Opening net assets	**1,910,865**	2,039,491
Profit and total comprehensive income for the year	**687,123**	230,452
Capital injection	**800,000**	–
Dividend declared	**(244,135)**	(359,078)
Closing net assets	**3,153,853**	1,910,865
Interest in associate (50%) — At carrying value	**1,576,927**	955,432

Aggregate information of associates that are not individually material

	2013	2012
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income for the year	**92,143**	30,918
Aggregate carrying amount of the Group's interests in these associates	**648,556**	573,978

There are no contingent liabilities relating to the Group's interests in the associates and the associates did not have any material contingent liabilities as at 31 December 2013 (2012: Nil).

22 INTERESTS IN JOINT VENTURES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Unlisted investments, at cost	**593,200**	610,269	**593,200**	593,200
Share of undistributed post-acquisition reserves	**3,166**	(57,092)	**–**	–
	596,366	553,177	**593,200**	593,200

The following are the details of the joint ventures as at 31 December 2013:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Type of legal entity	Principal activities
Interest held directly:						
四川廣旺集團船景煤業有限責任公司 (Sichuan Guangwang Group Chuanjing Coal Industry Company Limited)	The PRC	RMB472,000,000/ RMB318,804,000	49%	–	Sino-foreign equity joint venture	Coal mining
廣州中電荔新電力實業有限公司 (Guangzhou China Power Lixin Industry Company Limited)	The PRC	RMB604,000,000/ RMB584,000,000	50%	–	Sino-foreign equity joint venture	Generation and sale of electricity
河南中平煤電有限責任公司 (Henan Zhongping Coal & Electricity Co., Ltd.)	The PRC	RMB131,880,000	50%	–	Sino-foreign equity joint venture	Coal transportation and selling

None of the joint ventures were individually material.

22 INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	2013 RMB'000	2012 RMB'000
The Group's share of profit/(loss) and total comprehensive income/(loss)	64,083	(5,774)
Aggregate carrying amount of the Group's interests in these joint ventures	596,366	553,177

Capital commitments in respect of property, plant and equipment

	2013 RMB'000	2012 RMB'000
Contracted but not provided for	207,484	110,637

There are no contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures did not have any material contingent liabilities as at 31 December 2013 (2012: Nil).

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Unlisted equity investments outside Hong Kong				
— at cost (note (a))	154,712	154,712	–	–
Equity securities listed outside Hong Kong				
— at fair value (note (b))	1,872,081	1,872,081	1,872,081	1,872,081
	2,026,793	2,026,793	1,872,081	1,872,081
Market value of equity securities listed outside Hong Kong	1,872,081	1,872,081	1,872,081	1,872,081

23 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

Notes:

(a) Unlisted equity investments principally represent interests in certain unlisted companies which do not have a quoted market price in an active market and for which the range of other methods of reasonably estimating fair value is significant and the probabilities of the various estimates cannot be reasonably assessed. Accordingly these investments are carried at cost less accumulated impairment losses.

(b) Details of the equity securities listed outside Hong Kong as at 31 December 2013 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Interests held directly:					
Shanghai Electric Power Co., Ltd ("Shanghai Power")	The PRC	RMB2,139,739,000	18.86%	Joint stock company with limited liability with its A-shares listed on the Shanghai Stock Exchange	Investment holdings and the generation and sale of electricity

24 LOAN TO A FELLOW SUBSIDIARY

As part of the acquisition of Wuling Group during the year ended 31 December 2009, the Group assumed the entrusted loans provided by Wuling to Guizhou Qian Dong Power Corporation ("Qian Dong Power"), a former subsidiary of Wuling (and currently a subsidiary of CPIH), amounted to RMB1,500,000,000. These loans were granted for a term of 3 years from the respective dates of drawdown at a fixed interest rate of 5.40% per annum. These loans were fully repaid by Qian Dong Power during the year ended 31 December 2012.

During the year ended 31 December 2012, the Group granted a new entrusted loan to Qian Dong Power, amounted to RMB300,000,000, for a term of 3 years at a fixed interest rate of 6.15% per annum. During the year ended 31 December 2013, Qian Dong Power repaid an amount of RMB100,000,000. The loan, in the amount of RMB200,000,000 as at 31 December 2013 (2012: RMB300,000,000), is wholly repayable by 4 November 2015.

CPIH has agreed to indemnify Wuling Group for any losses and damages caused by or related to Qian Dong Power (including the failure of Qian Dong Power to fulfil its obligations under the entrusted loan agreements) in respect of these loans.

The fair value of the loan is RMB200,849,000 (2012: RMB303,905,000). The fair value is based on cash flows discounted using a rate based on the borrowing rate of 6.15% (2012: 6.15%) per annum and is within level 2 of the fair value hierarchy.

25 INVENTORIES

	Group 2013 RMB'000	2012 RMB'000
Coal and oil	**452,140**	395,622
Spare parts and consumables	**196,265**	267,261
	648,405	662,883

Spare parts and consumables with cost of RMB53,236,000 (2012: Nil) were considered as obsolete. A provision for impairment of RMB52,022,000 (2012: Nil) was made as at 31 December 2013 (Note 8).

26 ACCOUNTS RECEIVABLE

	Group 2013 RMB'000	2012 RMB'000
Accounts receivable from provincial power grid companies (note (a))	**2,290,004**	1,984,628
Accounts receivable from other companies (note (a))	**13,990**	7,749
	2,303,994	1,992,377
Notes receivable (note (b))	**189,688**	177,653
	2,493,682	2,170,030

Notes:

(a) The Group normally grants 15 to 90 days credit period to customers from the end of the month in which the sales are made. The ageing analysis of the accounts receivable is as follows:

	Group 2013 RMB'000	2012 RMB'000
1 to 3 months	**2,303,994**	1,992,377

The credit quality of accounts receivable that are neither past due nor impaired has been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

26 ACCOUNTS RECEIVABLE (CONTINUED)

Notes: (Continued)

(b) Notes receivable are analysed as follows:

	2013 RMB'000	2012 RMB'000
Bank acceptance notes issued by third parties	189,688	177,653

The notes receivable are normally with maturity period of 180 days (2012: 180 days).

(c) As at 31 December 2013, certain bank borrowings and long-term borrowings from CPI Financial Company Limited ("CPIF") (Note 32(b)) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these facilities as at 31 December 2013 amounted to RMB1,515,666,000 (2012: RMB1,575,920,000) (Note 40).

(d) The fair values of accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

27 AMOUNTS DUE FROM/(TO) RELATED PARTIES

Group

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Amounts due from related parties		
Amount due from CPIF	8,894	7,976
Amounts due from fellow subsidiaries	28,367	74,192
Amounts due from associates (note (i))	500,907	479,539
Amount due from a joint venture	12,270	–
Amount due from CPI Group	–	189
Amount due from CPIH	1,189	3,392
Amount due from immediate holding company	120	90
Amounts due from non-controlling shareholders	24,303	–
	576,050	565,378
Amounts due to related parties		
Amount due to CPIF	550	1,570
Amounts due to fellow subsidiaries	100,649	21,526
Amount due to an associate	22,001	–
Amount due to CPI Group	156,436	111,997
Amount due to CPIH	14,572	16,706
Dividend payable to a non-controlling shareholder	143,233	–
	437,441	151,799

27 AMOUNTS DUE FROM/(TO) RELATED PARTIES (CONTINUED)

Company

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Amounts due from related parties		
Amount due from a fellow subsidiary	10	–
Amount due from an associate (note (i))	500,880	479,539
Amount due from CPIH	138	836
Amount due from immediate holding company	120	90
	501,148	480,465
Amounts due to related parties		
Amount due to CPI Group	265	271
Amount due to CPIH	12,548	14,280
	12,813	14,551

Notes:

(i) Except for an amount due from an associate of RMB500,000,000 (2012: RMB300,000,000) which carries interest at rates ranging from 5.40% to 6.00% (2012: 6.00%) per annum and is repayable on demand, the remaining amounts due from an associate are unsecured, interest free and repayable on demand.

(ii) Other balances with related companies are unsecured, interest free and repayable on demand.

(iii) The fair values of these balances approximate their carrying amounts as the impact of discounting is not significant.

28 CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and in hand	**1,641,368**	1,516,418	**577,958**	908,643
Time deposits with initial terms of less than 3 months	**–**	500,000	**–**	500,000
	1,641,368	2,016,418	**577,958**	1,408,643
Denominated in:				
RMB	**1,520,280**	1,870,934	**541,869**	1,263,323
US$	**99,294**	1,827	**22,115**	1,744
HK$	**21,794**	143,657	**13,974**	143,576
	1,641,368	2,016,418	**577,958**	1,408,643

The Group's cash and cash equivalents denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

29 SHARE CAPITAL AND SHARE PREMIUM

(a) Authorised and issued capital

	Company	
	Number of shares	**Nominal amount**
	(of HK$1 each)	RMB'000
Authorised:		
At 1 January 2012, 31 December 2012 and 31 December 2013	10,000,000,000	10,600,000
Issued and fully paid:		
At 1 January 2012	5,107,060,777	5,121,473
Issue of new shares (note(i))	443,248,000	362,280
At 31 December 2012	5,550,308,777	5,483,753
Issue of new shares upon conversion of convertible bonds (Notes 33(c)(i) and (ii))	312,134,026	249,017
Issue of new shares for acquisition of a subsidiary (note (ii))	541,710,619	428,618
At 31 December 2013	6,404,153,422	6,161,388

29 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

(b) Share premium

	Company RMB'000
At 1 January 2012	4,303,111
Issue of new shares (note(i))	382,344
At 31 December 2012	4,685,455
Issue of new shares upon conversion of convertible bonds (Notes 33(c)(i) and (ii))	282,091
Issue of new shares for acquisition of a subsidiary (note (ii))	805,801
At 31 December 2013	5,773,347

Notes:

(i) On 21 August 2012, the Company completed a placing of 443,248,000 shares at a subscription price of HK$2.10 per share for aggregate consideration of HK$931 million (equivalent to approximately RMB761 million) and 443,248,000 shares of HK$1 each were issued at a premium of HK$1.10 each. The premium on issue of shares of HK$488 million (equivalent to approximately RMB399 million) net of expenses of approximately HK$20 million (equivalent to approximately RMB16 million) was credited to the share premium account. These new shares rank pari passu in all respects with the then existing shares.

(ii) In November 2013, the Company acquired 100% equity interests in Wuhu Power Plant for a purchase consideration of RMB1,451,919,000. The purchase consideration was satisfied by (a) cash of RMB217,500,000 and (b) issue of 541,710,619 new shares of HK$1 each to CPIH at a price of HK$2.88 per share (Note 41(a)). The purchase consideration by allotment of shares amounted to approximately RMB1,234,419,000. The premium on issue of new shares of RMB805,801,000 was credited to the share premium account. These new shares rank pari passu in all respects with the then existing shares.

(c) Share option schemes

Pursuant to the written resolution passed by the shareholders of the Company on 24 August 2004, two share option schemes, namely, Share Option Scheme (the "Option Scheme"), and Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") were approved and adopted by the Company.

(i) Option Scheme

Under the Option Scheme, the Board may at its absolute discretion, offer any employees, Directors (including executive and non-executive Directors other than independent non-executive Directors), chief executive and members of the management of the Company and the Group (the "Eligible Person") share options to subscribe for shares of the Company (the "Shares"). Share options may be granted without initial payment except the payment of HK$1 as nominal consideration for the grant. The exercise price of the share option shall be not less than the greater of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date, which must be a business day, of the written offer of the share option (the "Offer Date"); (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and (c) the nominal value of the Shares.

29 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

(c) Share option schemes *(Continued)*

(i) Option Scheme *(Continued)*

The maximum number of Shares which may be issued upon the exercise of all share options under the Option Scheme which have been granted and have neither lapsed nor been cancelled or exercised in full and all outstanding share options granted and yet to be exercised under any other schemes of the Company or any of its subsidiaries (including the Pre-IPO Scheme) shall not exceed such number of Shares as shall represent 30% of the Company's issued share capital from time to time. The maximum number of Shares in respect of which share options may be granted to any Eligible Person in any 12-month period shall not exceed 1% of the Shares in issue.

Details of the share options granted under the Option Scheme outstanding as at 31 December 2013 are as follows:

			Number of Shares subject to the share options	
Date of grant	**Expiry date**	**Exercise price**	**At 31 December 2013**	At 31 December 2012
Directors				
4 April 2007	3 April 2017	HK$4.07	**4,086,000**	4,086,000
2 July 2008	1 July 2018	HK$2.326	**2,620,000**	2,620,000
Senior management and other employees				
4 April 2007	3 April 2017	HK$4.07	**5,958,000**	5,958,000
2 July 2008	1 July 2018	HK$2.326	**19,210,000**	19,410,000
			31,874,000	32,074,000

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2013		2012	
	Average exercise price in HK$ per Share	**Number of Shares subject to the share options**	Average exercise price in HK$ per Share	Number of Shares subject to the share options
At 1 January	**2.872**	**32,074,000**	2.881	33,464,000
Lapsed	**4.07**	**–**	4.07	(600,000)
Lapsed	**2.326**	**(200,000)**	2.326	(790,000)
At 31 December	**2.876**	**31,874,000**	2,872	32,074,000

29 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

(c) Share option schemes *(Continued)*

(i) Option Scheme *(Continued)*

As at 31 December 2013, all of the 31,874,000 (2012: 32,074,000) outstanding share options were exercisable. During the year, no share options were exercised (2012: Nil).

Share options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her share option.

Consideration in connection with all share options granted were received. Save as mentioned above, no other share options granted under the Option Scheme were cancelled or exercised during the year. The Group has no legal or constructive obligation to buy back or settle the share options in cash.

The fair values of share options granted under the Option Scheme determined using the Black-Scholes Option Pricing Model were as follows:

	Date of grant of share options	
	2 July 2008	**4 April 2007**
Share option value	HK$0.62	HK$1.14
Significant inputs into the valuation model:		
Exercise price	HK$2.326	HK$4.07
Share price at grant date	HK$2.09	HK$4.07
Expected volatility (note)	36.44%	30.95%
Risk-free interest rate	3.41%	4.16%
Expected life of share options	6.25 years	6.25 years
Expected dividend yield	2.27%	2.75%

Note:

The volatility of the underlying stock during the life of the share options was estimated based on the historical volatility of the Company since its listing on the Hong Kong Stock Exchange on 15 October 2004 up to the date of grant of the relevant share options.

29 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

(c) Share option schemes *(Continued)*

(ii) Pre-IPO Scheme

The principal terms of the Pre-IPO Scheme are substantially the same as the terms of the Option Scheme except for the following:

(a) the subscription price per Share shall be the offer price per Share on the initial public offering of the Company; and

(b) no share options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange.

Details of the share options granted under the Pre-IPO Scheme outstanding as at 31 December 2013 are as follows:

	Date of grant	Expiry date	Exercise price	Number of Shares subject to the share options At 31 December 2013	At 31 December 2012
Directors	18 September 2004	17 September 2014	HK$2.53	**3,073,800**	3,073,800
Senior management and other employees	18 September 2004	17 September 2014	HK$2.53	**2,284,600**	2,284,600
Senior management and other employees	11 October 2004	10 October 2014	HK$2.53	**498,500**	498,500
				5,856,900	5,856,900

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2013		2012	
	Average exercise price in HK$ per Share	**Number of Shares subject to the share options**	Average exercise price in HK$ per Share	Number of Shares subject to the share options
At 1 January and at 31 December	**2.53**	**5,856,900**	2.53	5,856,900

As at 31 December 2013, all of the 5,856,900 (2012: 5,856,900) outstanding share options were exercisable. During the year, no share options were exercised (2012: Nil).

29 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

(c) Share option schemes *(Continued)*

(ii) Pre-IPO Scheme *(Continued)*

Share options granted are exercisable within a period of ten years within which there is a total vesting period of four years. Commencing from the first, second, third and fourth anniversaries of the offer date of a share option, the relevant grantee may exercise up to 25%, 50%, 75% and 100% respectively of the Shares comprised in his or her share option.

Consideration in connection with all share options granted were received. Save as mentioned above, no other share options granted under the Pre-IPO Scheme were cancelled or exercised during the year. The Group has no legal or constructive obligation to buy back or settle the share options in cash.

The fair values of share options granted under the Pre-IPO Scheme determined using the Dividend Adjusted Black-Scholes Option Pricing Model were as follows:

	Date of grant of share options	
	18 September 2004	**11 October 2004**
Share option value	HK$1.14	HK$1.13
Significant inputs into the valuation model:		
Exercise price	HK$2.53	HK$2.53
Share price at grant date	HK$2.53	HK$2.53
Expected volatility (note)	43.71%	43.28%
Risk-free interest rate	4.40%	4.41%
Expected life of share options	6.3 years	6.3 years
Expected dividend yield	0.99%	0.99%

Note:

The volatility of the underlying stock during the life of the share options was estimated based on the historical volatility of the comparable companies for the past four years as of the respective valuation dates since there were no trading records of the Company's shares at the respective grant dates.

30 RESERVES

Group

	Merger reserve (note (i)) RMB'000	Capital reserve (note (ii)) RMB'000	Available-for-sale financial assets reserve RMB'000	Statutory reserves (note (iii)) RMB'000	Share-based compensation reserve RMB'000	Convertible option reserve RMB'000	Other reserves RMB'000	Retained earnings (note (iv)) RMB'000	Total RMB'000
At 1 January 2013	306,548	2,262,848	202,440	333,660	28,128	273,232	257,868	1,108,312	4,773,036
Issue of new shares upon conversion of convertible bonds	–	–	–	–	–	(65,083)	–	–	(65,083)
Lapse of share options	–	–	–	–	(118)	–	–	118	–
Transfer to reserves	–	–	–	146,379	–	–	–	(146,379)	–
2012 final dividend	–	–	–	–	–	–	–	(510,920)	(510,920)
Profit for the year	–	–	–	–	–	–	–	2,289,888	2,289,888
At 31 December 2013	306,548	2,262,848	202,440	480,039	28,010	208,149	257,868	2,741,019	6,486,921
At 1 January 2012	306,548	2,262,848	229,674	271,825	28,810	124,995	257,868	217,840	3,700,408
Fair value loss on available-for-sale financial assets	–	–	(36,312)	–	–	–	–	–	(36,312)
Deferred tax on fair value loss on available-for-sale financial assets (Note 38)	–	–	9,078	–	–	–	–	–	9,078
Equity component of convertible bonds (Note 33(c))	–	–	–	–	–	148,237	–	–	148,237
Share-based compensation expense	–	–	–	–	318	–	–	–	318
Lapse of share options	–	–	–	–	(1,000)	–	–	1,000	–
Transfer to reserves	–	–	–	61,835	–	–	–	(61,835)	–
2011 final dividend	–	–	–	–	–	–	–	(229,818)	(229,818)
Profit for the year	–	–	–	–	–	–	–	1,181,125	1,181,125
At 31 December 2012	306,548	2,262,848	202,440	333,660	28,128	273,232	257,868	1,108,312	4,773,036

30 RESERVES (CONTINUED)

Group *(Continued)*

Notes:

(i) Merger reserve

The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the registered capital of the subsidiaries transferred to the Company pursuant to the reorganisation of the Group took place in 2004.

(ii) Capital reserve

Capital reserve represents the difference between the fair value of the net assets injected by the then owner of the relevant companies of the Group and the registered capital of these companies upon their establishment.

(iii) Statutory reserves

Statutory reserves are non-distributable and the transfers to these funds are determined by the Board of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

(iv) Retained earnings

Accumulated profits retained by the Group, its associates and joint ventures included impairment losses on property, plant and equipment of certain subsidiaries and an associate which have been accounted for in the Group's consolidated income statement in prior years. In the local statutory financial statements of the relevant subsidiaries and associates, these impairment losses have been dealt with in the respective company's capital reserves in accordance with the relevant local accounting rules and regulations. Profit distributions made by these companies were based on the distributable reserves as reported in the statutory financial statements of the respective companies.

30 RESERVES (CONTINUED)

Company

	Available-for-sale financial assets reserve RMB'000	Share-based compensation reserve RMB'000	Convertible option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2013	**375,062**	**28,128**	**273,232**	**1,731,240**	**2,407,662**
Lapse of share options	**–**	**(118)**	**–**	**118**	**–**
Issue of new shares upon conversion of convertible bonds	**–**	**–**	**(65,083)**	**–**	**(65,083)**
2012 final dividend	**–**	**–**	**–**	**(510,920)**	**(510,920)**
Profit for the year	**–**	**–**	**–**	**853,532**	**853,532**
At 31 December 2013	**375,062**	**28,010**	**208,149**	**2,073,970**	**2,685,191**
At 1 January 2012	402,296	28,810	124,995	1,730,351	2,286,452
Share-based compensation expense	–	318	–	–	318
Lapse of share options	–	(1,000)	–	1,000	–
Fair value loss on available-for-sale financial assets	(36,312)	–	–	–	(36,312)
Deferred tax on fair value loss on available-for-sale financial assets (Note 38)	9,078	–	–	–	9,078
Equity component of convertible bonds (Note 33(c))	–	–	148,237	–	148,237
2011 final dividend	–	–	–	(229,818)	(229,818)
Profit for the year	–	–	–	229,707	229,707
At 31 December 2012	375,062	28,128	273,232	1,731,240	2,407,662

31 BANK BORROWINGS

Bank borrowings are analysed as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Long-term bank borrowings				
— secured (note (d))	**19,081,582**	22,279,420	**–**	–
— unsecured	**10,815,004**	9,628,181	**–**	–
	29,896,586	31,907,601	**–**	–
Less:				
— current portion of long-term bank borrowings	**(2,982,431)**	(3,978,397)	**–**	–
	26,914,155	27,929,204	**–**	–
Current				
Short-term bank borrowings				
— secured (note (d))	**1,200,000**	–	**–**	–
— unsecured	**4,477,789**	3,002,801	**615,000**	424,277
Current portion of long-term bank borrowings	**2,982,431**	3,978,397	**–**	–
	8,660,220	6,981,198	**615,000**	424,277
Total bank borrowings	**35,574,375**	34,910,402	**615,000**	424,277

31 BANK BORROWINGS (CONTINUED)

Notes:

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	Group		Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	34,543,225	33,641,662	615,000	424,277
JPY	831,025	1,145,367	–	–
US$	200,125	123,373	–	–
	35,574,375	34,910,402	615,000	424,277

(b) The repayment terms of the long-term bank borrowings are analysed as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Wholly repayable within five years	3,155,970	4,776,430
Not wholly repayable within five years	26,740,616	27,131,171
	29,896,586	31,907,601

The Group's long-term bank borrowings were repayable as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Within one year	2,982,431	3,978,397
In the second year	3,956,582	3,563,797
In the third to fifth year	9,511,677	10,610,223
After the fifth year	13,445,896	13,755,184
	29,896,586	31,907,601

31 BANK BORROWINGS (CONTINUED)

Notes: (Continued)

(c) The effective interest rates of the Group's bank borrowings are as follows:

	Group	
	2013	2012
Current bank borrowings	**5.21%**	5.63%
Non-current bank borrowings	**6.11%**	6.47%

(d) As at 31 December 2013, the bank borrowings of the Group were secured as follows:

	2013 **RMB'000**	2012 RMB'000
Secured against the rights on accounts receivable of certain subsidiaries of the Group (Note 26)	**18,021,087**	18,649,083
Secured against property, plant and equipment of a subsidiary of the Group (Note 16(a)(iv))	**388,320**	261,820
Guaranteed by CPI Group	**–**	1,000,000
Guaranteed by Hunan Provincial Finance Bureau	**419,417**	551,549
Guaranteed by Hunan Provincial Power Company	**1,041,150**	1,223,150
Guaranteed by CPIF	**411,608**	593,818
	20,281,582	22,279,420

(e) At 31 December 2013, the Group had the following available borrowing facilities:

	Group	
	2013 **RMB'000**	2012 RMB'000
Bank borrowings, at floating rates	**13,644,041**	10,347,800

(f) The fair values of short-term bank borrowings approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term bank borrowings at floating interest rates approximate their carrying amounts.

At 31 December 2013, the carrying amounts and fair values of long-term bank borrowings at fixed interest rates amounted to RMB901,025,000 (2012: RMB1,145,368,000) and RMB971,990,000 (2012: RMB1,151,898,000) respectively. The fair values are calculated using cash flows discounted at rates based on the borrowing rate ranging from 0.75% to 6.15% (2012: 0.75% to 2.73%) per annum and are within level 2 of the fair value hierarchy.

32 BORROWINGS FROM RELATED PARTIES

	Group	
	2013	2012
	RMB'000	RMB'000
Non-current		
Long-term borrowings from CPI Group (note (a))	**4,604,111**	3,694,111
Long-term borrowings from CPIF (note (b))	**108,800**	11,800
Less: Current portion of long-term borrowings from CPI Group	**(800,000)**	–
Less: Current portion of long-term borrowings from CPIF	**(97,000)**	–
	3,815,911	3,705,911
Current		
Short-term borrowings from CPI Group (note (c))	**40,000**	320,000
Short-term borrowings from CPIF (note (d))	**370,000**	300,000
Short-term borrowings from CPIH (note (e))	**100,000**	–
Current portion of long-term borrowings from CPI Group (note (a))	**800,000**	–
Current portion of long-term borrowings from CPIF (note (b))	**97,000**	–
	1,407,000	620,000
	5,222,911	4,325,911

32 BORROWINGS FROM RELATED PARTIES (CONTINUED)

Notes:

(a) The long-term borrowings from CPI Group are unsecured and bearing interest at rates ranging from 3.90% to 6.40% (2012: 3.90% to 6.40%) per annum. The repayment terms of these borrowings are analysed as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Wholly repayable within five years	**4,604,111**	2,220,295
Not wholly repayable within five years	**–**	1,473,816
	4,604,111	3,694,111

These borrowings are repayable as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Within one year	**800,000**	–
In the second year	**1,330,295**	750,000
In the third to fifth year	**2,473,816**	1,470,295
After the fifth year	**–**	1,473,816
	4,604,111	3,694,111

(b) The long-term borrowings from CPIF of RMB11,800,000 (2012: RMB11,800,000) are secured against the rights on accounts receivable of a subsidiary of the Group (Note 40), bearing interest at 5.90% (2012: 6.35%) per annum, and of RMB97,000,000 (2012: Nil) are unsecured, bearing interest at 5.76% per annum. The repayment terms of these borrowings are analysed as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Wholly repayable within five years	**97,000**	–
Not wholly repayable within five years	**11,800**	11,800
	108,800	11,800

These borrowings are repayable as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
Within one year	**97,000**	–
After the fifth year	**11,800**	11,800
	108,800	11,800

32 BORROWINGS FROM RELATED PARTIES (CONTINUED)

Notes: (Continued)

(c) The short-term borrowings from CPI Group are unsecured, bearing interest at 4.44% (2012: ranging from 3.51% to 6.30%) per annum.

(d) The short-term borrowings from CPIF are unsecured, bearing interest at 6.00% (2012: 5.60% to 6.00%) per annum and are repayable within one year.

(e) The short-term borrowings from CPIH are unsecured, bearing interest at 5.40% per annum and repayable within one year.

(f) The fair values of short-term borrowings from related parties approximate their carrying amounts as the impact of discounting is not significant.

At 31 December 2013, the carrying amounts and fair values of long-term borrowings from related parties at fixed interest rates amounted to RMB4,604,111,000 (2012: RMB3,694,111,000) and RMB4,508,150,000 (2012: RMB3,676,678,000) respectively. The fair values are calculated using cash flows discounted at rates based on the borrowing rates ranging from 6.03% to 6.40% (2012: ranging from 5.33% to 6.40%) per annum and are within level 2 of the fair value hierarchy.

33 OTHER BORROWINGS

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Corporate bonds issued by:				
— Company (note (a))	**800,000**	800,000	**800,000**	800,000
— a subsidiary (note (b))	**1,495,693**	994,836	**–**	–
	2,295,693	1,794,836	**800,000**	800,000
Convertible bonds issued by the Company (note (c))	**1,441,547**	1,855,185	**1,441,547**	1,855,185
	3,737,240	3,650,021	**2,241,547**	2,655,185
Long-term other borrowings (note (d))	**–**	283,540	**–**	–
Less: current portion of long-term other borrowings (note (d))	**–**	(283,540)	**–**	–
	–	–	**–**	–
	3,737,240	3,650,021	**2,241,547**	2,655,185
Current				
Short-term other borrowings:				
— corporate bonds issued by a subsidiary (note (b))	**500,000**	1,500,000	**–**	–
— others (note (e))	**100,000**	270,000	**–**	–
	600,000	1,770,000	**–**	–
Current portion of long-term other borrowings (note (d))	**–**	283,540	**–**	–
	600,000	2,053,540	**–**	–

33 OTHER BORROWINGS (CONTINUED)

Notes:

(a) Unsecured RMB denominated corporate bonds were issued by the Company in December 2010 for a term of 5 years from December 2010 at an interest rate of 3.20% (2012: 3.20%) per annum. At 31 December 2013, the fair value of these corporate bonds amounted to RMB792,672,000 (2012: RMB773,344,000), which is the quoted prices in active markets for identical liabilities and is within level 1 of fair value hierarchy.

(b) Long-term corporate bonds issued by a subsidiary represent certain bonds issued by Wuling Group of RMB995,693,000 (2012: RMB994,836,000) that are bearing interest at 4.60% (2012: 4.60%) per annum for a term of 10 years from April 2009. These bonds are guaranteed by CPI Group.

During the year, Wuling Group has issued corporate bonds of RMB500,000,000 which bear interest at 5.50% per annum for a term of 2 years from June 2013.

At 31 December 2013, the fair values of these corporate bonds amounted to RMB1,535,081,000 (2012: RMB1,000,513,000), which are calculated using cash flows discounted at rates based on borrowing rates ranging from 4.73% to 6.15% (2012: 5.19%) per annum and are within level 2 of fair value hierarchy.

Short-term corporate bonds issued by a subsidiary represent unsecured bonds issued by Wuling Group and are bearing interest at 4.86% (2012: 4.91% to 5.30%) per annum for a term of one year. The fair values of short-term corporate bonds approximate their carrying amounts as the impact of discounting is not significant.

(c) Convertible bonds

	Group and Company	
	2013	2012
	RMB'000	RMB'000
2011 Convertible Bonds (note (c)(i))	**435,846**	880,138
2012 Convertible Bonds (note (c)(ii))	**1,005,701**	975,047
	1,441,547	1,855,185

(i) In May 2011, the Company issued RMB denominated US$ settled 2.25% convertible bonds (the "2011 Convertible Bonds"), of an initial principal amount of RMB982,000,000 (equivalent to US$150,000,000). The value of the liability component of RMB837,351,000 and the equity conversion component of RMB124,995,000 were determined at issuance of the 2011 Convertible Bonds, after netting off transaction cost of RMB19,654,000.

At the option of bond holders, the aggregate amount of RMB982,000,000 will be convertible into fully paid shares with a par value of HK$1 each of the Company. The 2011 Convertible Bonds will, subject to other terms and conditions, mature in five years from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 27 June 2011 at an initial conversion price of HK$2.15 per share (as adjusted to HK$2.00 per share with effect from 31 May 2012 and further adjusted to HK$1.91 per share with effect from 10 June 2013) pursuant to the terms and conditions as stipulated in the 2011 Convertible Bonds at a fixed exchange rate of RMB0.8414 to HK$1.00.

The 2011 Convertible Bonds are listed on The Stock Exchange of Hong Kong Limited.

The fair value of the liability component included in long-term other borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a convertible option reserve included in reserves.

33 OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(c) Convertible bonds *(Continued)*

(i) (Continued)

The 2011 Convertible Bonds recognised in the statement of financial position is calculated as follows:

	RMB'000
Nominal value of the 2011 Convertible Bonds at the date of issuance	982,000
Issue costs	(19,654)
Equity component	(124,995)
Liability component at the date of issuance	837,351
Accrued interest	42,787
Carrying amount at 31 December 2012	880,138
Conversion	(465,498)
Accrued interest	21,206
Carrying amount at 31 December 2013	435,846

Interest expense on the liability component of the 2011 Convertible Bonds are calculated using the effective interest method, applying the effective interest rate of 5.67% (2012: 5.67%) per annum to the liability component.

During the year ended 31 December 2013, the aggregate amount of RMB465,498,000 (2012: Nil) was converted into 311,880,447 (2012: Nil) new shares of HK$1 each, resulting in a share premium of approximately RMB281,700,000 (2012: Nil). These shares rank pari passu in all respects with the existing shares.

(ii) In September 2012, the Company issued RMB denominated US$ settled 2.75% convertible bonds (the "2012 Convertible Bonds"), of an initial principal amount of RMB1,140,000,000 (equivalent to US$180,000,000). The value of the liability component of RMB966,279,000 and the equity conversion component of RMB148,237,000 were determined at issuance of the 2012 Convertible Bonds, after netting off transaction cost of RMB25,484,000.

At the option of bond holders, the aggregate amount of RMB1,140,000,000 will be convertible into fully paid shares with a par value of HK$1 each of the Company. The 2012 Convertible Bonds will, subject to other terms and conditions, mature in five years from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 28 October 2012 at an initial conversion price of HK$2.52 per share (as adjusted to HK$2.409 per share with effect from 10 June 2013) pursuant to the terms and conditions as stipulated in the 2012 Convertible Bonds at a fixed exchange rate of RMB0.8185 to HK$1.00.

The 2012 Convertible Bonds are listed on The Stock Exchange of Hong Kong Limited.

The fair value of the liability component included in long-term other borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bonds. The residual amount, representing the value of the equity conversion component, is accounted for as a convertible option reserve included in reserves.

33 OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(c) Convertible bonds *(Continued)*

(ii) (Continued)

The 2012 Convertible Bonds recognised in the statement of financial position is calculated as follows:

	RMB'000
Nominal value of the 2012 Convertible Bonds at the date of issuance	1,140,000
Issue costs	(25,484)
Equity component	(148,237)
Liability component at the date of issuance	966,279
Accrued interest	8,768
Carrying amount at 31 December 2012	975,047
Conversion	(527)
Accrued interest	31,181
Carrying amount as at 31 December 2013	1,005,701

Interest expense on the liability component of the 2012 Convertible Bonds are calculated using the effective interest method, applying the effective interest rate of 6.36% (2012: 6.36%) per annum to the liability component.

During the year ended 31 December 2013, the aggregate amount of RMB527,000 (2012: Nil) was converted into 253,579 (2012: Nil) new shares of HK$1 each, resulting in a share premium of approximately RMB391,000 (2012: Nil). These shares rank pari passu in all respects with the existing shares.

(iii) The fair values of the liability components of the 2011 Convertible Bonds and the 2012 Convertible Bonds at 31 December 2013 amounted to RMB467,318,000 (2012: RMB947,897,000) and RMB1,149,134,000 (2012: RMB1,118,937,000) respectively. The fair values are calculated using cash flows discounted at a rate based on the borrowing rate of 2.75% (2012: 2.75%) per annum and are within level 2 of the fair value hierarchy.

(d) Current portion of long-term other borrowings represent a loan from a local financial institution which was unsecured, bearing interest at 6.32% per annum and was repaid during the year ended 31 December 2013.

(e) Short-term other borrowings represent loans from local financial institutions which are unsecured, bearing interest at 5.70% (2012: ranging from 5.58% to 5.70%) per annum and are repayable within one year. The fair values of short-term other borrowings approximate their carrying amounts as the impact of discounting is not significant.

34 OBLIGATIONS UNDER FINANCE LEASES

	Group	
	2013	2012
	RMB'000	RMB'000
Obligations under finance leases	**554,749**	658,996
Current portion of obligations under finance leases	**(111,361)**	(103,911)
Non-current portion of finance leases	**443,388**	555,085

34 OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

At 31 December 2013, the Group's finance lease liabilities were repayable as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Within one year	143,370	143,139
In the second year	143,370	143,139
In the third to fifth year	314,113	428,897
After the fifth year	40,309	67,644
	641,162	782,819
Future finance charges on finance leases	(86,413)	(123,823)
Present value of finance leases	554,749	658,996

The present value of the Group's finance lease liabilities was as follows:

	Group	
	2013 RMB'000	2012 RMB'000
Within one year	111,361	103,911
In the second year	118,872	111,361
In the third to fifth year	286,253	380,813
After the fifth year	38,263	62,911
Present value of finance leases	554,749	658,996

As at 31 December 2013, bank deposit of RMB35,000,000 (2012: RMB35,000,000) was pledged as security for an obligation under finance lease of RMB406,800,000 (2012: RMB492,373,000) (Note 40).

35 ACCOUNTS AND BILLS PAYABLES

	Group	
	2013 RMB'000	2012 RMB'000
Accounts payable (note (a))	1,362,877	739,455
Amount due to a non-controlling shareholder (note (a))	10,510	3,417
	1,373,387	742,872
Bills payable (note (b))	373,438	52,491
	1,746,825	795,363

35 ACCOUNTS AND BILLS PAYABLES (CONTINUED)

Notes:

(a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable is as follows:

	Group	
	2013	2012
	RMB'000	RMB'000
1 to 6 months	**1,323,955**	522,247
7 to 12 months	**44,333**	213,454
Over 1 year	**5,099**	7,171
	1,373,387	742,872

Amount due to a non-controlling shareholder is mainly related to purchase of fuels made by the Group and is included under accounts payable. Balance is unsecured, interest free and shall be settled in accordance with the respective trading terms.

(b) Bills payable are bills of exchange with average maturity period of 3 to 6 months (2012: 3 to 6 months). At 31 December 2013, bank deposits of RMB14,227,000 (2012: Nil) were pledged against bills payable of RMB70,916,000 (2012: Nil) as security (Note 40).

(c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

36 OTHER PAYABLES AND ACCRUED CHARGES

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Salaries and staff welfare payable	**35,919**	40,799	**–**	–
Value-added tax payable	**80,481**	111,901	**–**	–
Other taxes payable	**275,033**	299,205	**3,919**	2,767
Repairs and maintenance expense payable	**9,239**	7,804	**–**	–
Insurance expense payable	**5,949**	1,311	**–**	–
Dividend payable to a non-controlling shareholder of a subsidiary	**–**	17,890	**–**	–
Discharge fees payable	**7,817**	12,144	**–**	–
Reservoir maintenance and usage fees payables	**134,471**	130,118	**–**	–
Interest payable	**181,292**	158,879	**22,749**	13,821
Other payables and accrued operating expenses	**250,298**	181,342	**8,528**	13,231
Considerations payable for acquisition of subsidiaries	**11,990**	32,069	**–**	–
	992,489	993,462	**35,196**	29,819

37 DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2013 RMB'000	2012 RMB'000
Derivative financial instruments — assets	–	38,744

As at 31 December 2012, the derivative financial instruments represented certain net settled derivative financial instruments, with a contract period of 15 years, mainly to sell US$ for JPY with an aggregate notional principal amount of JPY2,601,520,000. The derivative financial instruments were terminated and a loss on termination of RMB26,634,000 was recorded during the year ended 31 December 2013. During the year ended 31 December 2012, the Group recorded fair value gain of RMB71,709,000 on the above derivative financial instruments (Note 7).

38 DEFERRED INCOME TAX

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Deferred income tax assets				
— To be recovered after more than 12 months	80,676	50,272	–	–
— To be recovered within 12 months	8,070	23,693	–	–
	88,746	73,965	–	–
Deferred income tax liabilities				
— To be recovered after more than 12 months	(1,067,570)	(809,528)	(109,945)	(109,945)
— To be recovered within 12 months	(34,936)	(14,673)	–	–
	(1,102,506)	(824,201)	(109,945)	(109,945)
Net deferred income tax liabilities	(1,013,760)	(750,236)	(109,945)	(109,945)

The net movement on the deferred income tax assets/(liabilities) is as follows:

	Group		Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
At 1 January	(750,236)	(696,747)	(109,945)	(119,023)
Acquisition of subsidiaries (Note 41)	(158,706)	(1,996)	–	–
Charged to the consolidated income statement (Note 10)	(104,818)	(60,571)	–	–
Credited to other comprehensive income (Note 30)	–	9,078	–	9,078
At 31 December	(1,013,760)	(750,236)	(109,945)	(109,945)

38 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities:

	Group								Company	
	Accelerated tax depreciation		Changes in fair value of available-for-sale financial assets		Others		Total		Changes in fair value of available-for-sale financial assets	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
At 1 January	**(801,268)**	(677,992)	**(109,945)**	(119,023)	**(5,461)**	(5,461)	**(916,674)**	(802,476)	**(109,945)**	(119,023)
Acquisition of subsidiaries	**(158,706)**	(2,023)	**–**	–	**–**	–	**(158,706)**	(2,023)	**–**	–
Charged to the consolidated income statement	**(85,826)**	(121,253)	**–**	–	**(21,090)**	–	**(106,916)**	(121,253)	**–**	–
Credited to other comprehensive income (Note 30)	**–**	–	**–**	9,078	**–**	–	**–**	9,078	**–**	9,078
At 31 December	**(1,045,800)**	(801,268)	**(109,945)**	(109,945)	**(26,551)**	(5,461)	**(1,182,296)**	(916,674)	**(109,945)**	(109,945)

Deferred income tax assets:

	Group							
	Decelerated tax depreciation		Provisions and others		Tax losses		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
At 1 January	**96,837**	71,465	**48,199**	34,264	**21,402**	–	**166,438**	105,729
Acquisition of subsidiaries	**–**	27	**–**	–	**–**	–	**–**	27
(Charged)/credited to the consolidated income statement	**(19,271)**	25,345	**42,771**	13,935	**(21,402)**	21,402	**2,098**	60,682
At 31 December	**77,566**	96,837	**90,970**	48,199	**–**	21,402	**168,536**	166,438

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2013, the Group had unrecognised tax losses to be carried forward against future taxable income amounted to RMB2,058,230,000 (2012: RMB1,741,376,000), which will expire within five years.

As the Company is a deemed Tax Resident Enterprise, the Company is exempted from the withholding tax charged on the dividends remitted to the Company by the subsidiaries, associates or joint ventures. As such, no deferred income tax liabilities on unremitted earnings of subsidiaries, associates or joint ventures would be recognised.

38 DEFERRED INCOME TAX (CONTINUED)

The deferred income tax credited to other comprehensive income during the year is as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Available-for-sale financial assets reserve (Note 30)	**–**	9,078	**–**	9,078

39 ASSETS HELD FOR SALE

In December 2013, the Group entered into letters of intent with Hunan Provincial Power Company to sell certain hydropower electricity transmission assets with total carrying amounts of approximately RMB893,992,000 for a total consideration of approximately RMB680,460,000. These assets were written down to their fair values less costs of disposal of RMB667,347,000 and have been reclassified as held for sale in accordance with HKFRS 5. Provision for impairment of RMB226,645,000 was recognised in the income statement. These disposals are expected to complete by 2014.

40 PLEDGE OF ASSETS

Certain of the Group's assets have been pledged as securities under bank and other borrowings and the carrying amounts of the pledged assets as at 31 December 2013 are as follows:

	2013	2012
	RMB'000	RMB'000
Property, plant and equipment secured against bank borrowings (Note 16(a)(iv))	**661,965**	534,547
Accounts receivable secured against bank borrowings and long-term borrowings from CPIF (Note 26(c))	**1,515,666**	1,575,920
Bank deposits secured against		
— bills payable (Note 35(b))	**14,227**	–
— finance lease (Note 34)	**35,000**	35,000
	49,227	35,000

41 BUSINESS COMBINATIONS

(a) In November 2013, the Group acquired 100% equity interests in Wuhu Power Plant from CPIH (the "Wuhu Acquisition"). The revenue and net results contributed by Wuhu Group during the period from the acquisition date to 31 December 2013 were not significant to the Group. Had the Wuhu Acquisition been completed on 1 January 2013, unaudited pro-forma revenue and profits attributable to the Group would have been RMB2,984,565,000 and RMB416,314,000, respectively.

Details of net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
— Paid in cash	217,500
— By allotment of shares (Note 29(b)(ii))	1,234,419
	1,451,919
Fair value of identifiable net assets acquired (see below)	(1,384,207)
Goodwill	67,712

The fair value of assets and liabilities arising from the Wuhu Acquisition are as follows:

	RMB'000
Property, plant and equipment (Note 16)	4,560,562
Land use rights (Note 18)	251,244
Cash and cash equivalents	163,526
Other assets	295,453
Net deferred income tax liabilities	(158,706)
Long-term bank borrowings	(2,237,950)
Long-term borrowings from related parties	(697,000)
Short-term bank borrowings	(130,000)
Short-term borrowings from related parties	(100,000)
Amounts due to related parties	(10,546)
Other liabilities	(552,376)
Identifiable net assets acquired	1,384,207
Purchase consideration — Paid in cash	(217,500)
Cash and cash equivalents in subsidiary acquired	163,526
Net cash outflow on acquisition	(53,974)

41 BUSINESS COMBINATIONS (CONTINUED)

(b) In January 2012, the Group acquired 100% equity interest in 茶陵縣聯冠水電開發有限公司 (Chalingxian Lianguan Hydropower Development Limited) ("Lianguan") from an independent third party (the "Lianguan Acquisition"). The revenue and net results contributed by Lianguan during the period from the acquisition date to 31 December 2012 were not significant to the Group.

Details of net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
— Paid in cash	22,577
— Payable	2,508
	25,085
Fair value of identifiable net assets acquired (see below)	(24,997)
Goodwill	88

The fair value of assets and liabilities arising from the Lianguan Acquisition are as follows:

	RMB'000
Property, plant and equipment	135,166
Land use rights	–
Cash and cash equivalents	32
Other assets	989
Net deferred income tax liabilities	(1,996)
Long-term bank borrowings	(22,400)
Short-term other borrowings	(72,000)
Other liabilities	(14,794)
Identifiable net assets acquired	24,997
Purchase consideration — Paid in cash	(22,577)
Cash and cash equivalents in subsidiary acquired	32
Net cash outflow on acquisition	(22,545)

42 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to cash generated from operations

	2013 RMB'000	2012 RMB'000
Profit before taxation	**4,234,058**	2,128,675
Share of profits of associates	**(435,704)**	(146,144)
Share of (profits)/losses of joint ventures	**(64,083)**	5,774
Finance income	**(64,480)**	(115,694)
Finance costs	**1,516,651**	1,666,045
Dividend income	**(60,520)**	(25,513)
Depreciation of property, plant and equipment	**2,208,793**	2,081,650
Provision for impairment of property, plant and equipment	**607,044**	71,796
Amortisation of land use rights	**10,706**	8,993
Amortisation of deferred income	**(26,941)**	(13,201)
Loss on termination of derivative financial instruments	**26,634**	–
Gain on disposal of property, plant and equipment and land use rights	**(768,267)**	(744)
Provision for impairment of inventories	**52,022**	–
Write-off of accounts receivable	**17,570**	–
Gain on disposal of a joint venture	**(8,326)**	–
Provision for impairment of other receivables	**7,366**	12,330
Fair value gain on derivative financial instruments	**–**	(71,709)
Share-based compensation expense	**–**	318
Operating profit before working capital changes	**7,252,523**	5,602,576
Increase in accounts receivable	**(102,087)**	(258,563)
Increase in prepayments, deposits and other receivables	**(87,495)**	(334,521)
(Increase)/decrease in inventories	**(3,995)**	68,088
Changes in balances with related parties	**143,374**	35,862
Decrease in amounts due from associates	**8,824**	34,097
Increase/(decrease) in accounts and bills payables	**179,875**	(80,026)
(Decrease)/increase in other payables and accrued charges	**(73,909)**	92,963
Decrease in other long-term liabilities	**(2,348)**	(2,742)
Cash generated from operations	**7,314,762**	5,157,734

42 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in financing during the year

	Bank borrowings and short-term other borrowings (excluding convertible bonds) RMB'000	Borrowings from related parties RMB'000	Obligations under finance leases RMB'000	Non-controlling interests RMB'000
Balance at 1 January 2012	34,282,451	4,985,911	184,337	3,364,510
Transactions with non-controlling interests and acquisition of subsidiaries	94,400	–	–	–
New bank borrowings	10,904,896	–	–	–
Repayment of bank borrowings	(8,670,577)	–	–	–
New short-term other borrowings	1,800,000	–	–	–
Repayment of other borrowings	(1,317,720)	–	–	–
Repayment of borrowings from related parties	–	(2,300,295)	–	–
New borrowings from related parties	–	1,640,295	–	–
Payments for obligations under finance leases	–	–	(27,334)	–
Interest element for obligations under finance leases	–	–	12,678	–
Proceeds from finance lease	–	–	489,315	–
Contributions from non-controlling shareholders of subsidiaries	–	–	–	143,406
Profit attributable to non-controlling interests	–	–	–	500,151
Dividends paid to a shareholder of a subsidiary	–	–	–	(20,889)
Net foreign exchange gains	(129,508)	–	–	–
Balance at 31 December 2012	**36,963,942**	**4,325,911**	**658,996**	**3,987,178**
Acquisition of a subsidiary	**2,367,950**	**797,000**	**–**	**–**
New bank borrowings	**10,876,539**	**–**	**–**	**–**
Repayment of bank borrowings	**(10,093,365)**	**–**	**–**	**–**
New short-term other borrowings	**600,000**	**–**	**–**	**–**
Transfer of bank borrowings to the Purchaser of Heimifeng Power Plant	**(2,250,000)**	**–**	**–**	**–**
Repayment of other borrowings	**(2,053,540)**	**–**	**–**	**–**
Repayment of borrowings from related parties	**–**	**(950,000)**	**–**	**–**
New borrowings from related parties	**–**	**1,050,000**	**–**	**–**
Payments for obligations under finance leases	**–**	**–**	**(143,139)**	**–**
Interest element for obligations under finance leases	**–**	**–**	**38,892**	**–**
Contributions from non-controlling shareholders of subsidiaries	**–**	**–**	**–**	**120,313**
Profit attributable to non-controlling interests	**–**	**–**	**–**	**985,504**
Dividends paid to shareholders of subsidiaries	**–**	**–**	**–**	**(227,508)**
Net foreign exchange gains	**(237,151)**	**–**	**–**	**–**
Balance at 31 December 2013	**36,174,375**	**5,222,911**	**554,749**	**4,865,487**

42 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Major non-cash transactions

(i) During the year ended 31 December 2013, the purchase consideration for the Wuhu Acquisition was partly satisfied by issue of the Company's new shares (Notes 29(b)(ii) and 41(a)).

(ii) During the year ended 31 December 2013, the consideration for disposal of Heimifeng Power Plant was partly settled by transfer of assets and liabilities to the Purchaser (Note 7).

(iii) During the year ended 31 December 2013, the aggregate amount of the 2011 Convertible Bonds and 2012 Convertible Bonds of RMB465,498,000 (2012: Nil) and RMB527,000 (2012: Nil) were converted into 311,880,447 (2012: Nil) and 253,579 (2012: Nil) new shares of HK$1 each, resulting in a share premium of approximately RMB281,700,000 (2012: Nil) and RMB391,000 (2012: Nil) respectively (Notes 33(c)(i) and (ii)).

43 COMMITMENTS

(a) Capital commitments

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Authorised but not contracted for in respect of				
— property, plant and equipment	**1,895,578**	975,753	**–**	–
Contracted but not provided for in respect of				
— property, plant and equipment	**5,338,646**	6,096,408	**–**	–
— capital contribution to an associate	**577,425**	187,425	**577,425**	187,425
— capital contribution to joint ventures	**10,584**	10,584	**10,584**	10,584
— capital contribution to subsidiaries	**–**	–	**406,431**	397,615
	7,822,233	7,270,170	**994,440**	595,624

(b) Commitments under operating leases

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Land and buildings				
Not later than one year	**36,792**	37,680	**22,466**	20,331
Later than one year and not later than five years	**42,516**	28,762	**20,724**	28,762
	79,308	66,442	**43,190**	49,093

Generally, the Group's operating leases are for terms of 1 to 3 years.

43 COMMITMENTS (CONTINUED)

(c) Future operating lease arrangements

Future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Other equipment				
Not later than one year	**–**	9,165	**–**	–
Later than one year and not later than five years	**–**	23,311	**–**	–
	–	32,476	**–**	–

44 RELATED PARTY TRANSACTIONS

The Group is controlled by CPIH, an intermediate holding company which directly holds approximately 32.39% (2012: 27.62%) of the Company's shares, and indirectly holds approximately 31.18% (2012: 35.97%) of the Company's shares through China Power Development Limited ("CPDL"). As at 31 December 2013, CPIH owned approximately 63.57% (2012: 63.59%) equity interest of the Company in aggregate and the remaining interests were widely held. The Directors regard CPI Group, a state-owned enterprise established in the PRC which is the beneficial owner of CPIH, as the parent company.

CPI Group is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include CPI Group, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and CPI Group as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with CPI Group companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in these consolidated financial statements.

44 RELATED PARTY TRANSACTIONS (CONTINUED)

Major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
CPI Group (中電投集團)	Parent company
CPIH	Intermediate holding company
CPDL	Immediate holding company
CPIF (中電投財務)	A company controlled by CPI Group
Shanxi Shentou Industry Company Limited (山西神頭電力實業有限責任公司)	Fellow subsidiary
Shanxi Shentou Engineering Company Limited (山西神頭電力檢修有限責任公司)	Fellow subsidiary
Anhui Huainan Pingwei Electric Power Industrial Company Limited (安徽淮南平圩電力實業有限責任公司)	Fellow subsidiary
Anhui Huainan Pingwei Power Engineering Maintenance Company Limited (安徽淮南平圩電力檢修工程有限責任公司)	Fellow subsidiary
Pingdingshan Yaomeng Power Engineering Co., Ltd. (平頂山姚孟電力工程有限責任公司)	Fellow subsidiary
Pingdingshan Yaomeng Power Industrial Co., Ltd. (平頂山姚孟電力實業有限責任公司)	Fellow subsidiary
Guizhou Qian Dong Power Corporation (貴州黔東電力有限公司)	Fellow subsidiary
Sichuan Yibin China Power Environmental Engineering Company Limited (四川宜賓中電環境工程有限公司)	Fellow subsidiary
China Power Maintenance Engineering Company Limited (中電電力檢修工程有限公司)	Fellow subsidiary
Beijing China Power Environmental Engineering Company Limited (北京中電環境工程有限公司)	Fellow subsidiary

44 RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties	**Relationship with the Company**
CPI Yuanda Environmental-Protection Engineering Co., Ltd. (中電投遠達環境工程有限公司)	Fellow subsidiary
Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司)	Associate
Henan Zhongping Coal & Electricity Co., Ltd. (河南中平煤電有限責任公司)	Joint venture
Hunan Xiangtou International Investment Limited ("Xiangtou") (湖南湘投國際投資有限公司)	A non-controlling shareholder of a subsidiary
Huainan Mining Industry (Group) Company Limited (淮南礦業(集團)有限責任公司)	A non-controlling shareholder of a subsidiary
China Coal Energy Company Limited (中國中煤能源股份有限公司)	A non-controlling shareholder of a subsidiary

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in these financial statements. Management of the Group are of the opinion that meaningful information relating to related party transactions has been adequately disclosed.

(a) Income

	Note	**2013 RMB'000**	2012 RMB'000
Interest income from a fellow subsidiary	(i)	**16,537**	68,089
Interest income from an associate	(ii)	**24,178**	11,608
Rental income from a fellow subsidiary	(iii)	**54,110**	54,110
Management fee from CPIH	(iv)	**18,096**	4,974
Dividend income from Shanghai Power	(v)	**60,520**	20,173
Dividend income from associates	(v)	**139,630**	179,539
Dividend income from a joint venture	(v)	**9,632**	–
Dividend income from CPIF	(v)	**–**	5,340
Income from provision of repairs and maintenance services to a fellow subsidiary	(vi)	**2,271**	3,912
Income from provision of IT services to:			
— CPIH	(vii)	**19**	772
— an associate	(vii)	**1,291**	1,953
— fellow subsidiaries	(vii)	**12,111**	528
Sales of coal to an associate	(viii)	**118,138**	–
Sales of spare parts to fellow subsidiaries	(viii)	**12,695**	–

44 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Income *(Continued)*

Notes:

(i) Interest income from a fellow subsidiary was charged at fixed interest rates of 6.15% (2012: ranging from 5.40% to 6.15%) per annum.

(ii) Interest income from an associate was charged at rates ranging from 5.40% to 6.00% (2012: 6.00%) per annum.

(iii) Rental income from a fellow subsidiary was charged in accordance with the terms of the relevant agreements.

(iv) Management fee from CPIH in connection with the Group's services rendered for management of certain power plants on behalf of CPIH was charged in accordance with the terms of the relevant agreements.

(v) Dividend income was received from Shanghai Power, associates, a joint venture and CPIF based on the dividends declared by the respective boards of Directors in proportion to the Group's interest in the companies.

(vi) Income from the provision of repairs and maintenance services to a fellow subsidiary was charged in accordance with the terms of the relevant agreements.

(vii) Income from the provision of IT services to CPIH, an associate and a fellow subsidiary was charged in accordance with the terms of the relevant agreements.

(viii) Sales of goods were charged in accordance with the terms of the relevant agreements.

(b) Expenses

	Note	2013 RMB'000	2012 RMB'000
Purchases of fuel, raw materials and spare parts from:			
— fellow subsidiaries	(i)	**67,520**	88,036
— non-controlling shareholders of subsidiaries	(i)	**7,358,927**	4,371,215
— a joint venture	(i)	**151,387**	204,279
Purchase of coal by-products from an associate	(i)	**20,155**	–
Service fees to fellow subsidiaries	(ii)	**455,579**	382,559
Interest expenses to:			
— CPIF	(iii)	**19,460**	37,920
— CPI Group	(iii)	**198,867**	207,747
— CPIH	(iii)	**450**	–
Construction costs to fellow subsidiaries	(iv)	**337,696**	113,789
Labour costs charged by fellow subsidiaries	(v)	**696**	963
Operating lease rental expenses in respect of:			
— land to CPI Group	(vi)	**17,061**	17,061
— buildings to CPIH	(vi)	**17,078**	11,973

44 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Expenses *(Continued)*

Notes:

(i) Purchases of goods were charged in accordance with the terms of the relevant agreements.

(ii) Service fees were largely related to repairs and maintenance services and transportation services which were charged based on mutually agreed prices.

(iii) Interest expenses to CPIF, CPI Group and CPIH were charged based on outstanding loan balances at interest rates ranging from 5.60% to 6.35% (2012: 5.60% to 7.22%) per annum, from 3.51% to 6.40% (2012: 3.51% to 7.22%) per annum and at 5.40% (2012: Nil) per annum, respectively.

(iv) Construction costs were charged in accordance with the terms of contracts.

(v) Labour costs were charged on a cost reimbursement basis.

(vi) Rental expenses in respect of certain land and buildings leased from CPI Group and CPIH were charged in accordance with the terms of the relevant agreements.

(c) Year-end balances with related parties

	Note	**2013** **RMB'000**	2012 RMB'000
Borrowings from CPIF	(i)	**(478,800)**	(311,800)
Loan to a fellow subsidiary	(ii)	**200,000**	300,000
Borrowings from CPI Group	(iii)	**(4,644,111)**	(4,014,111)
Borrowings from CPIH	(iv)	**(100,000)**	–
Amounts due from:			
— non-controlling shareholders	(v)	**24,303**	378
— associates	(vi)	**500,907**	479,539
— joint ventures	(v)	**12,270**	–
— fellow subsidiaries	(v)	**28,367**	74,192
— CPIF	(v)	**8,894**	7,976
— CPDL	(v)	**120**	90
Amounts due to:			
— a non-controlling shareholder	(v)	**(10,510)**	(3,417)
— CPI Group, net	(v)	**(156,436)**	(111,808)
— fellow subsidiaries	(v)	**(100,649)**	(21,526)
— CPIH, net	(v)	**(13,383)**	(13,314)
— CPIF	(v)	**(550)**	(1,570)
— an associate	(v)	**(22,001)**	–
Dividend payable to:			
— a non-controlling shareholder	(v)	**(143,233)**	(17,890)

44 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Year-end balances with related parties *(Continued)*

Notes:

(i) Borrowings from CPIF are carrying interest at rates ranging from 5.76% to 6.00% (2012: 5.60% to 6.35%) per annum. Except for an amount of RMB11,800,000 (2012: RMB11,800,000) is secured, the remaining balances are unsecured (refer to Notes 32(b) and (d)).

(ii) Loan to a fellow subsidiary is unsecured, carrying interest at a fixed interest rate of 6.15% (2012: 6.15%) per annum and is repayable by 4 November 2015.

(iii) Borrowings from CPI Group are unsecured, carrying interest at rates ranging from 3.90% to 6.40% (2012: 3.51% to 6.40%) per annum (refer to Notes 32(a) and (c)).

(iv) Borrowings from CPIH are unsecured, carrying interest at a fixed interest rate of 5.40% per annum and repayable within one year.

(v) The balances with these related parties are unsecured, interest free and are repayable on demand.

(vi) Except for an amount due from an associate of RMB500,000,000 (2012: RMB300,000,000) which carries interest at rates ranging from 5.40% to 6.00% per annum (2012: 6.00%) and is repayable on demand, the remaining amount due from an associate is unsecured, interest free and repayable on demand.

(d) For the years ended 31 December 2013 and 2012, the Group's significant transactions and balances with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from the state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) service fees to state-owned enterprises

The prices and terms of such transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

44 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Key management compensation

	2013 **RMB'000**	2012 RMB'000
Basic salaries, housing allowance, other allowances, discretionary bonus and other benefits	**8,407**	6,790
Share-based compensation expense	**–**	84
	8,407	6,874

(f) For guarantees issued by related parties, please refer to Note 31(d) for details.

(g) For acquisition of Wuhu Power Plant, refer to Notes 29(b)(ii) and 41(a) for details.

45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 19 March 2014.

FIVE-YEAR FINANCIAL AND OPERATIONS SUMMARY

	2013 RMB million	2012 RMB million	2011 RMB million	2010 RMB million	2009 RMB million
Revenue	**18,826.7**	17,497.1	16,082.1	14,436.7	10,936.5
Profit before taxation	**4,234.1**	2,128.7	782.2	1,246.5	574.1
Taxation	**(958.7)**	(447.4)	(193.8)	(380.2)	(22.5)
Profit for the year	**3,275.4**	1,681.3	588.4	866.3	551.6
Attributable to:					
Owners of the Company	**2,289.9**	1,181.1	505.2	666.9	519.0
Non-controlling interests	**985.5**	500.2	83.2	199.4	32.6
Total non-current assets	**69,455.0**	63,299.3	56,945.3	53,015.1	49,684.9
Total current assets	**7,284.0**	6,610.1	6,447.2	3,775.3	4,521.7
Total assets	**76,739.0**	69,909.4	63,392.5	56,790.4	54,206.6
Total current liabilities	**17,384.5**	14,245.3	13,347.0	12,063.1	10,422.5
Total non-current liabilities	**36,067.3**	36,734.7	33,556.0	29,833.1	28,902.7
Net assets	**23,287.1**	18,929.4	16,489.5	14,894.2	14,881.4
Equity attributable to owners of the Company	**18,421.7**	14,942.2	13,125.0	12,238.5	12,438.4
Non-controlling interests	**4,865.5**	3,987.2	3,364.5	2,655.7	2,443.0
Total equity	**23,287.1**	18,929.4	16,489.5	14,894.2	14,881.4
Attributable installed capacity (MW)	**14,822**	11,731	11,510	11,585	11,177
Gross generation (MWh)	**55,582,400**	51,859,151	50,132,564	48,558,685	37,195,711
Net generation (MWh)	**52,795,155**	49,202,653	47,391,185	46,002,897	34,714,399
Net coal consumption rate (g/KWh)	**314.84**	316.70	319.40	324.51	329.85

TECHNICAL GLOSSARY AND DEFINITIONS

"attributable installed capacity"	the proportionate amount of installed capacities of a power plant attributable to a company based on the percentage of equity interest held by the company in that power plant
"auxiliary power"	electricity consumed by a power plant in the course of power generation
"average utilization hours"	for a specified period, the amount of electricity (MWh) produced in such period divided by the average installed capacity (MW) in such period
"Baishi Power Plant"	the hydropower plant project in Baishi of Guizhou Qingshui Jiang Hydropower Company Limited* (貴州清水江水電有限公司白市水電站項目)
"Beijing CP Environmental"	Beijing China Power Environmental Engineering Company Limited* (北京中電環境工程有限公司)
"Board"	the board of Directors of the Company
"Changshu Power Plant"	Jiangsu Changshu Electric Power Generating Company Limited (江蘇常熟發電有限公司)
"China Coal Energy"	China Coal Energy Company Limited* (中國中煤能源股份有限公司)
"China Power" or "Company"	China Power International Development Limited
"CP Guorui"	China Power Guorui Logistics Company Limited* (中電國瑞物流有限公司)
"CP Maintenance Engineering"	China Power Maintenance Engineering Company Limited* (中電電力檢修工程有限公司)
"CP Shentou Power Plant"	China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司)
"CPDL"	China Power Development Limited (中國電力發展有限公司*)
"CPI Group"	China Power Investment Corporation* (中國電力投資集團公司)
"CPIF" or "CPI Financial"	CPI Financial Company Limited* (中電投財務有限公司)
"CPIH" or "CPI Holding"	China Power International Holding Limited (中國電力國際有限公司)
"Dabieshan Power Plant"	Huanggang Dabieshan Power Company Limited* (黃岡大別山發電有限責任公司)
"Director(s)"	director(s) of the Company
"Fuxi Power Plant"	Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司)
"gross generation"	for a specific period, the total amount for electrical power produced by a power plant in that period including auxiliary power
"Group" or "We"	the Company and its subsidiaries from time to time
"Guizhou Pu'an Power Plant"	CPI Guizhou Pu'an Power Co., Ltd.* (貴州中電普安電力開發公司)
"GW"	gigawatt, that is, one million kilowatts

TECHNICAL GLOSSARY AND DEFINITIONS

"Heimifeng Power Plant"	a pumped-storage power plant in Heimifeng of Wu Ling Power Corporation* (五凌電力有限公司黑糜峰抽水蓄能電廠)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huainan Mining"	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司)
"installed capacity"	the manufacturers' rated power output of a generating unit or a power plant, usually denominated in MW
"KWh"	kilowatt-hour, a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"MW"	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
"MWh"	megawatt-hour, which is equal to one thousand KWh
"net coal consumption rate"	average consumption of standard coal for supplying 1 KWh power (deducting self-used power)
"net generation"	the actual amount of electricity sold by a power plant in a particular period of time, which equals gross generation minus auxiliary power and any power loss occurring during the transmission from the power plant to the power grid
"Pingwei Industry Company"	Anhui Huainan Pingwei Electric Power Industry Company Limited* (安徽淮南平圩電力實業有限責任公司)
"Pingwei Maintenance Company"	Anhui Huainan Pingwei Power Engineering Maintenance Company Limited* (安徽淮南平圩電力檢修工程有限責任公司)
"Pingwei Power Plant"	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司)
"Pingwei Power Plant II"	Huainan Pingwei No. 2 Electric Power Co., Ltd. (淮南平圩第二發電有限責任公司)
"Pingwei Power Plant III"	Huainan Pingwei No. 3 Electric Power Co., Ltd.* (淮南平圩第三發電有限責任公司)
"PRC" or "China"	the People's Republic of China (for the purpose of this annual report excluding the Hong Kong, Special Administrative Region of Macau and Taiwan)
"Qian Dong Power"	Guizhou Qian Dong Power Corporation* (貴州黔東電力有限公司)

"Qinghe Power Plant" or "Qinghe Electric Power"	Liaoning Qinghe Electric Power Company Limited (遼寧清河發電有限責任公司)
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Power"	Shanghai Electric Power Co., Ltd* (上海電力股份有限公司)
"Shentou Engineering Company"	Shanxi Shentou Engineering Company Limited* (山西神頭電力檢修有限責任公司)
"Shentou I Power Plant"	Shanxi Shentou Power Generating Company Limited* (山西神頭發電有限責任公司)
"Shentou Industry Company"	Shanxi Shentou Electric Industry Company Limited (山西神頭電力實業有限責任公司)
"Sichuan Yibin"	Sichuan Yibin China Power Environmental Engineering Company Limited* (四川宜賓中電環境工程有限公司)
"standard coal"	coal with an energy content of 7,000 kilocalories per kilogram
"super-critical"	a thermodynamic expression describing the state of a substance where there is no clear distinction between the liquid and the gaseous phase. Water reaches this state at a pressure above 22.1 megapascals (MPa)
"Tuokou Power Plant"	a hydropower plant project in Tuokou of Huaihua Yuanjiang Power Development Company Limited* (懷化沅江電力開發有限責任公司托口水電站項目)
"Wu Ling Power"	Wu Ling Power Corporation* (五凌電力有限公司)
"Wuhu Power Plant" or "Wuhu Electric Power"	Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司)
"Xintang Power Plant"	Guangzhou China Power Lixin Industry Company Limited* (廣州中電荔新電力實業有限公司)
"Yaomeng Engineering Company"	Pingdingshan Yaomeng Power Engineering Co., Ltd.* (平頂山姚孟電力工程有限責任公司)
"Yaomeng Industrial Company"	Pingdingshan Yaomeng Power Industrial Co., Ltd.* (平頂山姚孟電力實業有限責任公司)
"Yaomeng Power Plant"	Pingdingshan Yaomeng Electric Power Company Limited (平頂山姚孟發電有限責任公司)
"Yaomeng Power Plant II"	Pingdingshan Yaomeng No. 2 Power Company Limited (平頂山姚孟第二發電有限公司)

* For identification purpose only

USEFUL INFORMATION FOR INVESTORS

ANNUAL REPORT

This annual report has been posted on our website at www.chinapower.hk on 10 April 2014. The reports are sent to the shareholders of the Company who have selected to receive the printed version of corporate communication by 16 April 2014.

ANNUAL GENERAL MEETING (AGM)

The Company's AGM will be held on 22 May 2014. Information regarding the business to be considered in the AGM is set out in the circular to the shareholders of the Company dated 16 April 2014 together with a proxy form.

INVESTOR CALENDAR

Closure of register of members for determining shareholders' eligibility to attend and vote at the AGM	16 May 2014 to 22 May 2014 (both days inclusive)
AGM date	22 May 2014
Ex-dividend date	26 May 2014
Closure of register of members for entitlement to 2013 Final Dividend	28 May 2014 to 4 June 2014 (both days inclusive)
Record date for 2013 Final Dividend	4 June 2014
Proposed 2013 Final Dividend payable* ***RMB0.16 (equivalent to HK$0.2025) per ordinary share***	30 June 2014

* Subject to approval by shareholders at the AGM to be held on 22 May 2014.

INVESTOR ENQUIRIES

For enquiries about share transfer and registration, please contact the share registrar of the Company:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Tel.: (852) 2862 8628
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